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# PROGRAM GUIDANCE

**PROGRAM: FOR:** Office of Native American Program Staff

*Bruce A. Knott*

**FROM:** Bruce A. Knott, Director, Office of Grants Evaluation

**TOPIC:** Grants Evaluation Guidebook, 9/01 Edition, Revision 2

**SUBJECT:** Revision to Grants Evaluation Guidebook

The Grants Evaluation Guidebook has been revised. Filing instructions are:

Remove	Insert
Chapter 3, Audit Review Process Guidelines, pages 3-9 and 3-10	Chapter 3 Audit Review Process Guidelines, pages 3-9 and 3-10
Chapter 5, Monitoring Process Guidelines, pages 5-1 through 5-2	Chapter 5, Monitoring Process Guidelines, pages 5-1 through 5-2
Chapter 5, Monitoring Process Guidelines, pages 5-5 through 5-8	Chapter 5, Monitoring Process Guidelines, pages 5-5 through 5-8
Chapter 6, Sanctions Process Guidelines, pages 6-13 through 6-16	Chapter 6, Sanctions Process Guidelines, pages 6-13 through 6-17
Appendix Chapter 5, Monitoring IHBG Checklist, pages 5-5 through 5-99	Appendix Chapter 5, Monitoring IHBG Checklist, pages 5-5 through 5-93

Changes to the Guidebook are indicated by ☆ .

Attachments

# Grants Evaluation Guidebook

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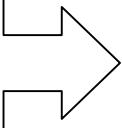
- Summary schedule of prior audit findings; and
- Corrective action plan, if findings identified.

### 3.3.2 Complete IPA audit review

If the audit is complete, the Federal Audit Clearinghouse will notify the cognizant or oversight agency that a complete audit report was received by posting the audit information to their website at <http://harvester.census.gov/sac/dissemin/accessoptions.html>. **For those audit reports containing findings, the Clearinghouse will forward a copy of the audit report package to the cognizant or oversight agency. The cognizant or oversight agency will conduct a quality control review on those audits received from the Clearinghouse.**



Clearinghouse only forwards audit reports containing findings.



#### *Assign unique identifier to each finding*

Each audit finding that pertains to a HUD program should be assigned a unique identifier. For example, if 98CA143 represents the Karuk Tribe IHA audit for fiscal year 1998, 98CA143: 6 could be used to identify finding #6 from that audit. The GE Specialist uses the finding identifier when entering a finding in the *audit tracking log* or when describing a specific finding in correspondence with the recipient.

#### *Follow IPA audit review checklist*

If ONAP is the cognizant or oversight agency, the GE Specialist should use the *IPA audit review checklist* as a guide for determining the audit's compliance with the SAA and OMB A-133. The GE Specialist answers each audit review question in the *checklist* and enters observations in the "Notes and Comments" field. The GE Specialist uses the last page of the *checklist* to note if the audit is compliant, to summarize the rationale for this determination, and to list audit findings.

The GE Specialist should be alert for indications of noncompliance with HUD program regulations and weaknesses in the operations of the recipient. If indications of problems are found, further review is warranted to determine the extent of the deficiency.

The best places to look for indications of problems are in the auditor's written opinion, notes to the financial statement, findings, required supplemental information, or letters to management. Often these areas will contain information relating to weaknesses, irregularities, or instances of noncompliance in the operations of the program participant.

Weaknesses or questionable practices provide opportunities for many types of abuse to occur. Left uncorrected, the chances for fraud, waste, or

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**Tool: IPA audit review checklist**

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# Grants Evaluation Guidebook

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mismanagement increase. At times this information is obvious, but sometimes the GE Specialist must analyze the accounts or accompanying schedules. What follows are some warning signs that a problem exists or that further analysis is necessary. Since certain warning signs will not be applicable to all HUD programs, the GE Specialist must exercise judgment when making an analysis.

- Reports with qualified, adverse, or no opinions
- Weaknesses in internal, administrative, or accounting controls
- Poor or improper procurement practices or procedures not followed
- Costs questioned because of a lack of documentation
- Inadequate accounting records
- Unusual or significant changes in assets or liabilities
- Large accounts receivable balances
- Negative cash flow
- Unusual expenses or payments to identity-of-interest firms or related parties

Compare the balance sheets for the previous and current year. Significant changes in accounts or line items between years are also warning signs. Determine why the changes exist. Look especially for changes in:

- Accounts receivable
- Asset accounts
- Liabilities and surplus

If certain expenses appear to be excessive, then compare the amount to the expenses of similar program participants or to amounts reported in prior years.

Review supporting schedules and verify that beginning balances agree with the previous years ending balances.

The GE Specialist should obtain an explanation of each discrepancy from the IPA and/or the recipient. It is important to determine whether

## Chapter Five -- Monitoring Process Guidelines

This chapter provides ONAP staff with guidelines for monitoring HUD recipients. It includes the following sections:

- ☆ ➤ Objectives and overview of the process – 5.1
- ☆ ➤ Create a recipient monitoring strategy – 5.2
- ☆ ➤ Conduct an on-site monitoring visit – 5.3
- ☆ ➤ Conduct remote monitoring – 5.4
- ☆ ➤ Create a monitoring report (draft and final) – 5.5
- ☆ ➤ Track recipient actions on findings and recommendations – 5.6
- ☆ ➤ Create summary monitoring reports – 5.7
- ☆ ➤ Outputs of the monitoring process – 5.8

### *Background, Tools and Templates*

- Monitoring Strategy Worksheet and Statement
- Monitoring IHBG checklist
- Supplement to Monitoring Process Guidelines – Monitoring IHP Certifications
- Subrecipient monitoring checklist
- On-site visit notification letter
- Monitoring reports – Content and Considerations--NAHASDA Guidance 2000-14
- Transmittal letter draft monitoring report – IHBG

# Grants Evaluation Guidebook

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- +Draft monitoring report format – IHBG
- Transmittal letter final monitoring report – IHBG
- Transmittal letter draft monitoring report – ICDBG
- Sample draft monitoring report format – ICDBG
- Transmittal letter final monitoring report – ICDBG
- Monitoring log

(Background tools and templates are to be found in the Appendix of this Guidebook.)

## ***5.1 Objectives and Overview of the Process***

The monitoring process is intended to help ONAP fulfill its public trust responsibilities by ensuring that HUD grants are implemented in a timely manner and in compliance with all applicable requirements. Specific objectives of the monitoring process include:

- Collecting data from grant recipients that will help HUD assess recipient risk. Validating and/or refining technical assistance needs as defined in the risk assessment process
- Identifying additional technical assistance needs
- Identifying and initiating HUD actions that will reinforce, improve, supplement, and correct recipient performance
- Identifying and analyzing patterns of recipient activity that indicate superior, satisfactory, and deficient performance, which then can be used to improve HUD programs and increase overall recipient success rates

### ***Grant Programs Covered***

Monitoring plays a key role in maintaining the integrity of the following programs:

# Grants Evaluation Guidebook

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## ***5.2 Create a Recipient Monitoring Strategy***

### ***Background***

A recipient monitoring strategy is the detailed written plan created by a GE Specialist for monitoring a specific grant recipient. GE Specialists will be responsible for creating monitoring strategies for the same grant recipients for whom they completed risk assessments. Given the limited frequency that most recipients will be monitored, it is imperative that monitoring is well planned and executed. The *Monitoring Strategy Worksheet and Strategy Statement* (or an equivalent document) in the Appendix to this Guidebook must be completed by the GE Specialist and concurred by the GE Division Director.

During the risk assessment process, the GE Specialist recommends how each recipient shall be monitored after rating the recipient's risk. At that time, the AO Management team makes a preliminary decision on how each recipient will be monitored. These decisions are summarized and documented in the AO monitoring plan .

### ***5.2.1 Review decisions in the AO monitoring plan***

The final AO monitoring plan summarizes decisions made about planned monitoring for each recipient (on-site or remote), the schedule for that monitoring, and anticipated costs. Before creating the recipient monitoring strategy, the GE Specialist may want to review those preliminary decisions with the GE Division Director. This review will be used to validate or revise earlier decisions if new information on the recipient was received after the AO monitoring plan was prepared.

### ***5.2.2 Assemble and review relevant tools***

The GE Specialist will refer to the *risk assessment workbook*, the *monitoring log*, and the *monitoring checklist* when creating a monitoring strategy.

#### ***Risk assessment workbook***

Use the *risk assessment workbook* to review the issues identified during the overall performance assessment and risk assessment. Pay particular attention to the "Assessment Notes" for each high risk factor score.

# Grants Evaluation Guidebook

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## *Monitoring log*

Use the *monitoring log* to review notes from previous monitoring activities.

## *Monitoring checklist (and subrecipient monitoring checklist)*

The *monitoring checklist* is the GE specialist's primary guide for planning and conducting on-site and remote monitoring of HUD grants recipients. Use the *monitoring checklist* (and *subrecipient monitoring checklist*, if applicable) to determine what data to collect, what questions to ask, and what evidence to gather. A careful review of the *checklist* will help the GE specialist gauge the type of monitoring needed to explore fully those issues identified during the annual assessment and risk assessment.

The *checklist* identifies the following 20 topics that might be covered by a recipient monitoring strategy and provides examples of specific questions that the GE Specialist should use to guide the gathering of recipient performance data on each topic. The first 13 of the 20 topics, with the exception of number 8, are identical to 12 of the 13 risk factors in the *risk assessment workbook*. The last seven of the 20 topics appear only in this checklist.

1. Planned controls
2. Complexity of planned activities
3. Stability of environment
4. Timely progress
5. Third-party observations
6. Fiscal and internal controls (required)
7. Program Income
8. Administration of programs
9. Reporting
10. Quality, completeness, and clarity of performance objectives
11. Recipient self-monitoring and monitoring of subrecipients
12. Planned Preservation of 1937 Housing Act units

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**Tools: monitoring checklist,  
subrecipient monitoring  
checklist**

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# Grants Evaluation Guidebook

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13. Preservation of 1937 Housing Act units
14. Environmental review (required)
15. Procurement/contract administration (required)
16. Indian preference and non-discrimination (required)
17. Labor standards (required)
18. Relocation
19. Real property acquisition
20. Lead-based paint

### ***5.2.3 Create a custom recipient monitoring checklist for each recipient***

The *monitoring checklist* is designed to serve as a comprehensive list of all the possible topics that might be covered in a monitoring strategy for any HUD grant recipient in Indian Country. The GE Specialist should, in general, stay within this list of monitoring topics to help ONAP ensure consistency in its monitoring activities.

Because not every monitoring topic is relevant to every recipient and not every question must be asked to gather the information needed about a recipient, the GE Specialist will need to select from the list of topics and questions necessary for a specific recipient. These are the basic judgments that a GE Specialist must make when creating a recipient monitoring strategy.

#### ***Customize the tool***

The GE Specialist can customize the checklist by checking off or highlighting those questions that will be used for the specific monitoring strategy. Another approach to creating a custom checklist is to delete questions not applicable to a recipient. GE Division Directors will determine how the monitoring strategy documents will be prepared in their Area ONAP.



# Grants Evaluation Guidebook

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## ***5.2.4 Staff the monitoring strategy***

The GE Specialist must identify the types of skills and number of people needed to conduct the monitoring for each recipient. For example, if the most serious issues that emerged from the risk assessment process of a specific recipient were related to financial management and controls, then the GE Specialist would plan to include ONAP staff, who have a solid background in this field, on the monitoring team. If other ONAP staff assist the GE Specialist in conducting the monitoring, the GE Specialist serves as the coordinator and primary point of contact for the monitoring team.

## ***5.2.5 Review and approve the recipient monitoring strategy***

The GE Division Director is responsible for ensuring that each recipient's monitoring strategy focuses on the recipient's higher risk practices and activities and that it is consistent with the AO monitoring plan. This review and approval process may occur during development of the strategy by the GE Specialist or after the GE Specialist has developed the strategy.

## ***5.2.6 Disseminate recipient monitoring strategy documents***

Each GE Division Director will make hard copies of the final monitoring strategy documents available at the AO. ONAP's Office of Information Services will advertise the availability of the monitoring strategy documents on its web page.

## ***5.3 Conduct On-Site Monitoring Visit***

The primary purpose of an on-site monitoring visit is to collect information about a recipient's performance and capabilities that cannot be ascertained from the documents normally submitted to HUD. ONAP uses the information gathered during those visits to develop a more complete picture of how effectively the recipient is managing the grant funds, implementing its plans, and providing help to the intended program beneficiaries.



Conduct  
On-Site  
Monitoring  
Visit

# Grants Evaluation Guidebook

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with by the Area ONAP and Denver Program Office; and signed and issued by the DAS. However, the Area ONAP drafts the Imposition of Sanctions letter for delinquent APRs, and the Enforcement Center concurs in the letter.

If there is a request for a formal hearing, the Enforcement Center manages the process with the assistance of the Area ONAP and Denver Program Office. Under §1000.532, reallocation of funds withdrawn from the recipient cannot be accomplished until 15 days after the hearing. If there is no request for a formal hearing, the sanctions are imposed and the management is retained by the Area ONAP.


If it is determined that the recipient must take corrective actions in order to resolve the deficiency(s), it is important that the corrective actions be appropriate for the performance problem identified. This will require that the GE Specialist, with the Enforcement Panel's concurrence, determine the most appropriate way to address the deficiency and what documentation would need to be submitted by the recipient in order to verify that the action had been taken, thus, enabling the sanction to be removed.

### ***Recipient Hearing Process***

A recipient may request a hearing under the provisions of §1000.540 within 30 days of the date of the notification letter of a pending enforcement action.

A hearing is presided over by an administrative law judge under procedures specified in 24 CFR Part 26. ONAP staff should expect that they would need to devote a substantial amount of their time to briefings and coordination with the Enforcement Center during a hearing process. Typical cases last for several months. The Enforcement Center counsel represents ONAP in the hearing process.

*Document  
status of  
the case*



### ***6.2.3 Document Status of the Case***

#### ***Confirm recipient compliance with required corrective actions/removal of sanctions***

Certain of the sanctions imposed may provide that the sanction will be removed if the recipient takes identified corrective actions within a specified timeframe. In such situations, once the actions are taken the GE Specialist will prepare a letter for the DAS' signature that confirms

# Grants Evaluation Guidebook

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***Tool: Compliance  
Confirmation letter***

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compliance with corrective actions and removes the sanction. The GE Specialist may use the *Compliance Confirmation/Removal of Sanctions letter* template. The letter will be routed through the GE Division Director, the Program Office, the OGC and the Enforcement Center for concurrence. The GE Specialist updates the *monitoring log and or audit-tracking log* with regular status reports and when compliance is confirmed and sanction removed. **Note:** for sanctions imposed by the Area ONAP for ICDBG recipients under §1003.702, the Administrator would sign the letter.

## ***6.3 High Risk Designations***

The authority of §85.12 may only be invoked when the Area ONAP believes a recipient's deficient performance meets the requirements of §85.12(a) and the performance problems:

- have only recently been discovered and the timely issuance of a grant award precludes the use of part 1000, subpart F process and procedures; or
- have been identified in a draft or final report but the recipient has not had adequate opportunity to implement corrective or remedial actions prior to the timely issuance of a grant award.

**The use of the process and procedures discussed under Section 6.2 is the preferred approach.**

Special conditions and/or restrictions can only be placed on future grants and usually should not be repeated for subsequent grants. These guidelines govern the IHBG and ICDBG programs. The Area ONAP may determine a recipient is high risk (and remove such designation) without the prior concurrence of the DAS or review by the Enforcement Center; however such action may only be taken with the concurrence of the Area ONAP Enforcement Panel.



Not all of the possible special conditions listed in §85.12 (b) are available and some are only available with restrictions. Specifically, it is not possible to include a special condition which would withhold authority for a recipient to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period; the use of such a condition would conflict with the provisions of Section 401(a)(1)(C) of NAHASDA.

# Grants Evaluation Guidebook

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The special conditions and/or restrictions that the Area ONAP may impose must be risk-specific and are limited to:

- ☆
  - payment on a reimbursement basis – this condition would include pre-review of supporting documentation before HUD approval of a Treasury draw through LOCCS.
  
- ☆
  - requiring additional, more detailed financial reports – given potential conflict with Section 401(a)(1)(C) of NAHASDA, for IHBG, cannot be linked with availability of payments. Also more detailed reports could be requested but if not provided, subpart F procedures would be followed to enforce.
  - additional project monitoring.
  
- ☆
  - requiring the recipient to obtain technical or management assistance – given potential conflict with Section 401(a)(1)(C) of NAHASDA, for IHBG, cannot be linked with availability of payments. Technical or management assistance could be recommended but if recipient failed to follow the recommendation, subpart F procedures would be followed to enforce.
  
- ☆
  - establishing additional prior approvals – given potential conflict with Section 401(a)(1)(C) of NAHASDA, for IHBG, cannot be linked with availability of payments. Additional approvals could be established but if the recipient failed to comply, subpart F procedures would be followed to enforce.

## **6.3.1 Responsibilities**

### ***GE Specialist***

Prior to award of a grant, the GE Specialist will gather all relevant information and, in coordination with the GE Division Director, make the recommendation to the Enforcement Panel of a High Risk designation and the actions required to bring a recipient into compliance and to remove the high risk designation. The special conditions and/or restrictions must correspond to the high risk condition and be included in the award. This will require that the GE Specialist, with the Enforcement Panel's concurrence, determine the most appropriate way to address the deficiency and what documentation would need to be submitted by the recipient in order to verify that the action had been taken, thus, enabling the high risk designation to be removed.

# Grants Evaluation Guidebook

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The GE Specialist is responsible for keeping the appropriate GM Specialist informed throughout the process of the intended action. The GE Specialist must notify the recipient in writing, as early as possible, of the high-risk designation and impending actions.

## *Enforcement Panel*

The Enforcement Panel must review the recommended high-risk designation, the actions recommended by the GE Specialist to address the conditions, which support such a designation, and it must concur in these matters or provide viable options for the Area ONAP to pursue.

## *GE Director*

On a monthly basis, the GE Director is responsible for reporting all high-risk designations to the Denver Program Office.



## ***6.4 Limited Denials of Participation, Debarments and Suspensions (24 CFR part 24 sanctions)***

A “Limited Denial of Participation” (LDP) is an action that immediately excludes or restricts a person from participating in HUD program(s) within a defined geographic area. A “Debarment” is an action taken to exclude a person from participating in covered transactions. A “Suspension” is an action taken that immediately excludes a person from participating in covered transactions for a temporary period, pending completion of an investigation and such legal, debarment, or Program Fraud Civil Remedies Act proceeding as may ensue.

### ***6.4.1 Responsibilities***

Prior to initiating an LDP, debarment, or suspension, the GE Specialist should consult with its local counsel to ensure that the action is appropriate and that the proper procedures are followed.

If an LDP is issued, a sanctioned party has a right to informal consultation with ONAP and a right to a hearing. The GE Director must refer suspensions and debarments through the Regional Counsel’s Office to the Enforcement Center for action. The causes for LDPs, debarments, and suspensions are listed at 24 CFR Part 24. The GE Director should also advise the Program Office – Office of Grants Evaluation of any such actions taken.

The Denver Program Office will notify other Area ONAPs of impending LDPs, debarments, and suspensions. The purpose is to alert the Area

# Grants Evaluation Guidebook

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ONAPs of potential spillover effects among their recipients. For example, a recipient staff member issued a LDP by an Area ONAP may attempt to join the staff of a recipient in a different office's jurisdiction.

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***Optional Monitoring Areas (as applicable)***

IHP Certifications

Relocation

Real property acquisition

Lead-based paint

On site (remote) monitoring will focus on the following areas:

This review will take place during \_\_\_\_\_. In addition to the GE Specialist the following staff persons will be needed for the review:

The following special conditions or considerations apply to this review:

GE SPECIALIST/DATE

GE DIVISION DIRECTOR/DATE



<b>RECIPIENT MONITORING CHECKLIST</b>	
<b>Recipient:</b>	<b>Total HUD Funds Awarded by Program:</b>
<b>HUD Grants Monitored:</b>	<b>Total Undispersed HUD Funds by Program:</b>
<b>Subrecipient(s) Monitored:</b>	<b>GE Specialist:</b>
<b>On-Site or Remote Monitoring:</b>	<b>Scheduled Monitoring Date(s):</b>

<b>Potential Financial Exposure:</b>	
<i>Total HUD grant amounts by program type</i>	
<i>Total undisbursed HUD grants by program type</i>	
<i>Percentage of undisbursed HUD grants by program type and total</i>	

**1. Planned Controls**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Does recipient have an adequate system for monitoring implementation of activities, including budget controls and timely completion of each activity?</p> <p>B. Does this documentation show that monitoring responsibilities are clearly described and adhered to by recipient staff?</p> <p>C. Does the recipient provide documentation on its experience and ability to manage and administer HUD grants in a timely and responsible manner?</p> <p>D. Does the recipient use a third party to administer any of its HUD grants?</p> <p>E. Is there evidence that the third party demonstrates the necessary capabilities and capacities to administer and monitor HUD grants in a timely and responsible manner?</p> <p>☆ F. Does the recipient have an adequate system for monitoring the sub-recipient's implementation activities?</p> <p>Develop additional questions as necessary.</p>	

2. *Complexity of Planned Activities*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Organizational Capacity</u></p> <ol style="list-style-type: none"> <li>1. Has the recipient established an administrative and organizational capacity that corresponds with the plan?</li> <li>2. If the recipient uses force account, has it demonstrated successful experience?</li> <li>3. Is the recipient's staffing adequate to support the activities described in the plan? Is this also true for any subrecipients?</li> </ol> <p>B. <u>Model Housing Activities</u></p> <ol style="list-style-type: none"> <li>1. Did the recipient set forth model activities within the IHP?</li> <li>2. If <b>YES</b>, have the activities been implemented, and at what cost?</li> <li>3. Did the recipient identify the program beneficiaries of these activities?</li> </ol> <p><u>General</u> Develop additional questions as necessary.</p>	

3. *Stability of Environment*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Is there evidence of frequent staff turnover?</p> <p>B. Do tribal officials monitor HUD grants without undue interference?</p> <p>C. Is there evidence that tribal officials interfere in the daily operations of HUD grants?</p> <p>Develop additional questions as necessary.</p>	

**4. Timely Progress**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Five Year Indian Housing Plan</u>  <i>Goals and Objectives</i></p> <ol style="list-style-type: none"> <li>1. Has the recipient made progress in addressing the goals and objectives contained in the 5-year plan?</li> <li>2. If there were any quantitative goals and objectives, have they been met? If not, why?</li> </ol> <p>B. <u>One-Year Indian Housing Plan</u>  <i>Goals and Objectives</i>            (All quantifiable goals and objectives should be reviewed for implementation)</p> <ol style="list-style-type: none"> <li>1. Has the recipient achieved with IHBG funds what was stated in the 1-year plan?</li> <li>2. If the goal was to assist a specific number of low-income families, has this been accomplished?</li> </ol> <p><i>Statement of Needs</i></p> <ol style="list-style-type: none"> <li>3. Has the estimate for low-income families remained the same?</li> <li>4. If it has changed, explain the overall impact on the plan.</li> <li>5. Has the estimate for all families in the jurisdiction changed?</li> <li>6. If <b>YES</b>, explain the impact a change in estimate will have on the plan.</li> </ol> <p><i>Financial Resources</i></p> <ol style="list-style-type: none"> <li>7. Did the recipient have the financial resources stated in the plan available?</li> <li>8. Did the recipient use these resources? If <b>YES</b>, please explain how.</li> </ol>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p><i>Affordable Housing Resources</i>  Characteristics of Housing Market</p> <p>9. Does available data conform with, or at least not contradict, the recipient's description of the housing market?  (To a large extent, the determinations necessary to respond to this question will be based upon a review of data; for example, BIA or other federal or state agencies that may be done before the visit. The availability of such data will vary considerably by recipient.)</p> <p><i>Coordination of Government Agencies</i></p> <p>10. Has the recipient coordinated the implementation of NAHASDA activities with other governmental agencies?</p> <p><i>Manner of Addressing Housing Needs</i></p> <p>11. Has the recipient taken specific actions to address the identified housing needs? If <b>YES</b>, explain what actions have been taken:</p> <p><i>Homeownership and Rental Programs</i></p> <p>12. Has the TDHE implemented homeownership and rental programs as described in the plan?</p> <p><i>Other Types of Housing Assistance</i></p> <p>13. Has the recipient provided other forms of housing assistance as described in the plan?</p> <p><i>Coordination with Welfare Agencies</i></p> <p>14. Has the TDHE initiated partnerships and/or contacts with welfare agencies? If <b>YES</b>, describe outcome of those contacts or partnerships.</p> <p><i>Housing to be Demolished or Disposed</i></p> <p>15. Has the recipient demolished or disposed of any housing as stated in its plan?</p> <p>16. If demolition or disposition has occurred, what were the</p>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>actual costs incurred?</p> <p>17. If demolition or disposition has occurred, what were the financial implications? Describe. <i>Tribal and Other Indian Preference</i></p> <p>18. Has the recipient implemented the tribal and Indian Preference policies described in the IHP?</p> <p>19. Has the recipient established procedures to address grievances that may result from such preferences? <i>Certifications</i></p> <p>20. Has the recipient adopted and implemented the policies certified in the IHP? <i>Cooperation Agreements</i></p> <p>21. If required by 24 CFR 1000.240, has the recipient executed a local cooperation agreement with the governing body of the locality within which the affordable housing is being provided? If <b>NO</b>, please explain why. <i>Implementation Schedule</i></p> <p>22. Has the recipient implemented the affordable housing activities in accordance with time frames established in the IHP?</p> <p>C. <u>Discretionary Grants</u></p> <p>1. Are discretionary grants completed and closed in a timely manner?</p> <p>2. Is implementation on schedule, including fund drawdowns? <u>General</u></p> <p>Develop additional questions as necessary.</p>	

**5. *Third-Party Observations***

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Are there any substantiated complaints against the recipient?</p> <p>B. If <b>YES</b>, has the recipient acted promptly to resolve the complaints?</p> <p>C. Do substantiated complaints require the involvement of ONAP or other Federal agencies?</p> <p>Develop additional questions as necessary.</p>	



6. *Fiscal and Internal Controls*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Drawdowns</u>  <i>Note: Under the provisions of 24 CFR 1000.56, a recipient may include in its IHP a request for a method of payment of IHBG funds which could allow it to request and receive grant funds in advance of need for payment to meet the financial obligations of the program. The investment of any funds received in advance of need is addressed in 24 CFR 1000.58.</i></p> <p>1. Has the recipient demonstrated to the satisfaction of HUD that it qualifies for the method of payment requested per the requirements of Section 1000.56?</p> <p>2. If <b>YES</b>, describe the method of payment approved by HUD.</p> <p>3. If the answer is <b>YES</b>, has the recipient drawn down funds in advance of need?</p> <p>4. If the answer is <b>YES</b>, how have these funds been invested? Describe. (See below regarding the review of investment practices.)</p> <p>5. If the answer is <b>NO</b>, has the recipient made unauthorized drawdowns in advance of need?</p> <p>6. If the recipient did not qualify to request and receive funds in advance of need, does the release of the check for payment of program costs occur within 3 days of the deposit of funds?</p> <p>7. Has the recipient been required to remit funds to HUD because of excessive drawdowns?</p> <p>8. Are Request Vouchers for payment:</p> <ul style="list-style-type: none"> <li>➤ Prepared?</li> <li>➤ Accurate?</li> <li>➤ Documented?</li> </ul>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p data-bbox="191 350 491 380">B. <u>Accounting Records</u></p> <p data-bbox="247 418 1024 516">1. Do the recipient's accounting records adequately identify the source and application of funds provided in the following areas?</p> <ul style="list-style-type: none"> <li data-bbox="289 524 590 553">➤ Award Authorization</li> <li data-bbox="289 558 474 587">➤ Obligations</li> <li data-bbox="289 592 590 621">➤ Unobligated balances</li> <li data-bbox="289 626 415 656">➤ Assets</li> <li data-bbox="289 660 457 690">➤ Liabilities</li> <li data-bbox="289 695 585 724">➤ Outlays/expenditures</li> <li data-bbox="289 729 424 758">➤ Income</li> <li data-bbox="289 763 743 792">➤ Subrecipient awards or obligations</li> </ul> <p data-bbox="247 800 1010 930">2. Are accounting transactions evidenced by supporting documentation, such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.</p> <p data-bbox="247 938 978 1000">3. Does the recipient reconcile its bank statements in a timely manner?</p> <p data-bbox="247 1008 926 1037">4. Are there discrepancies noted in bank reconciliations?</p> <p data-bbox="247 1042 873 1104">5. If <b>YES</b>, does the recipient investigate and resolve discrepancies?</p> <p data-bbox="191 1143 716 1172">C. <u>Internal Controls/Cash Management</u></p> <p data-bbox="247 1211 422 1240"><i>Cash Receipts</i></p> <p data-bbox="247 1248 982 1310">1. Has there been a change in staff handling cash transactions within the last 6 months?</p> <p data-bbox="247 1318 1014 1347">2. If staff has been replaced, were appropriate security measures</p>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>taken regarding former employee(s) (e.g., LOCCS authority, safe combinations, door locks)?</p> <p>3. If cash receipts process is computerized, is system security adequate?</p> <p>4. Is there adequate separation of responsibility in the receipt, recording, and deposit of cash receipts?</p> <p>5. Are all checks restrictively endorsed when received (e.g., “For deposit only”)?</p> <p>6. Are cash funds secured?</p> <p>7. Are all funds deposited at least weekly?</p> <p>8. Are cash receipts deposited intact?</p> <p>9. Does the recipient use and issue pre-numbered cash receipts vouchers in numerical order?</p> <p>10. Are cash receipts missing?</p> <p>11. Are there erasures or alterations on deposit slips?</p> <p>12. Are there employee IOU notes or personal checks (exclusive of cash receipts for legitimate housing payments) included in the cash receipts?</p> <p>13. Is there adequate security over the blank cash recipients vouchers?</p> <p><i>Cash Disbursements</i></p> <p>14. If the recipient realizes “program income” is this income disbursed on affordable housing activities or invested properly?</p> <p>15. Is there adequate separation of duties in the authorization, recording, and payment of cash disbursements?</p> <p>16. Is there adequate source documentation including:</p> <ul style="list-style-type: none"> <li>➤ Expenditures are supported by invoices, contracts, purchase orders, etc.?</li> <li>➤ Direct salaries and wages of employees are supported by time cards?</li> </ul>	





<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p> <ul style="list-style-type: none"> <li>▶ Time distribution records for direct and indirect salaries that divide salaries expenses between the various programs, grants and projects?</li> <li>17.If cash disbursements system is computerized, is system security adequate?</li> <li>18.Are there any missing, voided, or altered checks?</li> <li>19.If authorized, do petty cash and/or change fund(s) reflect what is on the general ledger?</li> <li>20.Does the recipient conduct random surprise cash counts with documented regularity?</li> <li>21.Do the on-site cash counts of petty cash and/or change fund show discrepancies?</li> <li>22.Are checks pre-numbered and used in numeric order?</li> <li>23.Is there adequate security over the blank checks?</li> </ul> <p>D.     <u>Budget Control</u></p> <ul style="list-style-type: none"> <li>1. Do recipient accounting records allow and provide for the comparison of actual expenditures with budgeted amounts for each grant?</li> <li>2. Is there evidence that the recipient periodically (at least once a quarter) compares actual expenditures to budgeted amounts?</li> <li>3. Do accounting records include tracking of expended/unexpended and obligated/unobligated balances?</li> <li>4. Are program budgets revised and approved, when necessary, according to program requirements?</li> </ul> <p>E.     <u>Investments/Banking</u></p> <ul style="list-style-type: none"> <li>1. Does the recipient hold IHBG funds in one or more accounts</li> </ul> </p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>separate from its other funds?</p> <ol style="list-style-type: none"> <li>2. Are these accounts insured by an agency or instrumentality of the United States or fully collateralized to ensure protection of the funds even in the event of bank failure?</li> <li>3. Are each of these accounts subject to an agreement in a form prescribed by HUD sufficient to allow HUD to exercise its rights under 24 CFR 1000.60?</li> <li>4. Is cash in excess of immediate need identified and invested?</li> <li>5. Are funds invested in instruments or obligations that meet the requirements of 24 CFR 1000.58(c)?</li> </ol> <p>F. <u>Audits</u></p> <ol style="list-style-type: none"> <li>1. Is an audit required under the Single Audit Act as regulated by OMB Circular A-133? (Recipient expends more than \$300,000 of federal funds in a fiscal year)</li> <li>2. If required, has the audit been completed within the time frames set forth in OMB Circular A-133?</li> <li>3. If required, has the cognizant/oversight agency approved/accepted the audit?</li> <li>4. Has the audit been submitted to the Federal Audit Clearinghouse?</li> <li>5. Has the recipient provided HUD with a copy of its latest required audit?</li> <li>6. Have HUD program audit deficiencies been adequately addressed within the prescribed time period?</li> <li>7. If a TDHE is the recipient, has the TDHE provided the grant beneficiary tribe with a copy of its latest audit?</li> <li>8. If a Single Audit Act audit is not required, has a financial review been performed as authorized by 24 CFR §1000.546?</li> </ol>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>9. Has a copy of the financial review been provided to HUD?</p> <p>☆ G. <u>Expenditures</u></p> <p>1. Does a spot check of a sample of the following items of cost reveal any obvious instances where these expenditures were not necessary and reasonable for proper and efficient administration of the program:</p> <ul style="list-style-type: none"> <li>➤ Salaries and related costs?</li> <li>➤ Administrative service contracts (e.g., legal, account, audit, consulting and travel expenditures)?</li> <li>➤ Other administrative costs?</li> </ul> <p>2. Does a review of program expenditures reveal the existence of any unallowable costs as addressed in attachment A of OMB Circular A-87, or identified in attachment B of that circular, including</p> <ul style="list-style-type: none"> <li>➤ Entertainment?</li> <li>➤ Bad debt (For example using IHBG to offset losses from tenants accounts receivable)</li> <li>➤ Contributions and donations?</li> <li>➤ Fines and penalties?</li> <li>➤ General cost of government expenditures including salary and expenses of the chief executive officer of the recipient?</li> <li>➤ Other (Please Specify)</li> </ul> <p>3. Have any costs related to political activities or lobbying been charged to the IHBG program?</p> <p>4. Are costs charged to the IHBG program after subtraction of all applicable credits?</p> <p>5. Are costs charged to the IHBG program not allocable to or included as a cost of any other federally financed program in</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>either the current or a prior period?</p> <p>6. Does a review of the personnel roster of staff being paid from IHBG resources reveal any obvious instances of personnel being paid from, but not working on, program activities?</p> <p>7. Does the percentage of IHBG funds charged by the recipient to its IHBG program appears to be consistent with the percentage included in the IHP?</p> <p>8. Does a review of program activities establish that no IHBG funds were spent or obligated for activities that are not affordable housing activities as defined in Section 202 of the Act?</p> <p>9. Are costs adequately evidenced by supporting documentation, such as, contracts, agreements, paid invoices, cancelled checks, time and attendance records, time distribution records, employee withholding documents, etc.</p> <p>10. Are invoices marked paid when payment is processed?</p> <p>H. Planning and Administrative</p> <p>1. Does the amount charged to the Planning and Administrative cost line item exceed the 20 percent limitation or the maximum amount approved by ONAP?</p> <p>2. If <b>YES</b>, has the recipient included staff and overhead costs directly related to affordable housing activities in the Planning and Administrative cost line item? If the answer is <b>YES</b>, the recipient should transfer the affordable housing activity costs from the Planning and Administrative cost line item.</p> <p>3. Are Planning and Administrative costs (e.g., overall grant administration, IHP preparation costs, self-monitoring efforts, APR preparation, formula challenges) being charged to affordable housing activities? If <b>YES</b>, the recipient should</p>	





<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>transfer these costs to the Planning and Administrative cost line item.</p> <p>4. Does the amount charged to Planning and Administrative line item include indirect costs? If <b>YES</b>, obtain a copy of the indirect cost allocation plan or the central services allocation plan:</p> <p>a) If the indirect costs are based upon an indirect cost allocation plan then:</p> <p>i) Does the indirect cost allocation plan include the ONAP programs (IHBG, ICDBG, IDEP, etc.) in the direct cost base? (For example, if the direct cost base includes IHBG, but not ICDBG, then the rate may be applied to IHBG but not to ICDBG.) <b>If the answer is NO, the rate may not be applied to the ONAP programs and any indirect charges would be ineligible, – no further review is necessary.</b> If <b>YES</b>, proceed to the next question.</p> <p>ii) Is the recipient a TDHE? If <b>YES</b>, is the beneficiary tribe charging indirect costs to the ONAP program? The tribe cannot charge their indirect cost rate to a completely separate entity with its own management infrastructure. Any amount charged by the tribe through the indirect rate is ineligible and should be questioned in your review. The tribe would be able to charge for services actually received,</p>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>for instance the tribe's expense to oversee the TDHE's implementation of the IHP and/or the tribe's expense of monitoring the TDHE. The Tribe could develop a method for recovering actual costs incurred for the program. These costs are allowable to the extent they are reasonable, allowable and allocable. The costs must reflect the actual benefit that the program received.</p> <p>iii) Is the recipient a tribe? If <b>YES</b>, then: Does the indirect cost pool contain ineligible costs (e.g., general costs of government, entertainment, lobbying)? (NOTE: The Department of the Interior Office of Inspector General Indirect Cost Negotiation Office's policy allows tribes to include 50 percent of tribal council costs as reimbursement of costs to manage federal grants. Any costs in excess of the 50 percent amount are ineligible.) If the answer is <b>YES</b>, determine the ineligible amount and provide a copy of the ineligibility determination to the cognizant Federal agency. The calculation for determining the ineligible amount is: Total ineligible costs/direct cost base x ONAP direct cost base amount = ineligible amount.</p> <p>iv) Are the ONAP programs receiving the</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>indirect cost services identified in the indirect cost allocation plan and are the charges reasonable, for the services received? For example, the TDHE building housing ONAP program offices also houses the water and sewer program administration. The ONAP programs without assistance or proration from the water and sewer program pay all building maintenance expenses. The building maintenance expenses that should be allocated to the water and sewer program are ineligible expenses. Additionally, charging a rent amount that exceeds the actual cost incurred for the underlying services would not be reasonable and would result in ineligible expenses.</p> <p>v) Has the indirect cost allocation plan been approved by a cognizant Federal agency? The cognizant Federal agency is generally the agency providing the largest amount of funds subject to the indirect cost rate or OMB may assign the cognizant Federal agency. OMB has assigned the Department of the Interior to be the cognizant Federal agency for Indian tribes. If the indirect cost allocation plan of a tribe or any other recipient, who has been assigned a cognizant Federal agency, has not been approved by the</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>cognizant agency, then the rate may not be applied. Any such indirect costs are ineligible. Recipients that determine the cognizant Federal agency based on dollars funded are not required to submit the indirect cost allocation plan for review and approval unless requested by that agency. For example ONAP has not requested TDHEs to submit indirect cost allocation plans for review and approval.</p> <p>vi) If a cognizant Federal agency has not been assigned and the answer to 1 is <b>YES</b>, then the indirect cost allocation plan must be reviewed. Obtain a copy of the indirect cost allocation plan and the supporting documentation for later review. Contact the Denver Program Office to coordinate the review of the indirect cost allocation plan.</p> <p>vii) If a cognizant Federal agency has not been assigned and the answer to 1 is <b>YES</b>, is the recipient charging the correct rate? (Ensure that the correct rate is being applied for the time period being reviewed.) If <b>NO</b>, re-calculate the indirect cost amount using the correct rate, the difference between indirect cost amount charged and the re-calculation is either additional amount owed the recipient or an ineligible expense.</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>viii) If a cognizant Federal agency has not been assigned and the answer to 1 is <b>YES</b>, is the rate being applied correctly? (The plan will state how the rate is to be applied, e.g. a percentage of direct labor costs or total direct costs less extraordinary or distorting expenditures. Examples of extraordinary or distorting expenditures would be construction materials, construction contracts, funds flowing through to a sub-recipient, or the purchase of equipment.) If <b>NO</b>, re-calculate the indirect cost amount using the correct direct cost base, the difference between indirect cost amount charged and the re-calculation is either additional amount owed the recipient or an ineligible expense.</p> <p>ix) If the answer to 1 is <b>YES</b>, determine if there are any instances of indirect costs being included in the pool and being directly funded. (For example, charging the monthly telephone service expense as a direct expense to the ONAP programs and including the monthly telephone service expense of other programs in the indirect cost pool.) If these like-costs are charged both direct and indirect then the amount charged direct is ineligible.</p> <p>b) If the indirect costs are based upon a central service cost allocation plan then:</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>i) Are the ONAP programs receiving the central services that are being charged through the fees-for-service? (For example, a fee to recover the cost of building maintenance and janitorial services should not be applied unless the office space occupied by the ONAP program actually receives the maintenance and janitorial service.) Is the distribution method fair? (For example, distributing utilities and space rental based upon square footage may or may not fair. Office space would normally have a higher share of the utility expense when compared to a warehouse.)</p> <p>ii) Has the central service cost allocation plan been approved by a cognizant Federal agency? The cognizant Federal agency is generally the agency providing the largest amount of funds subject to the fees-for-service rates or may be assigned by OMB. The Department of the Interior has been assigned to be the cognizant Federal agency for Indian tribes. A plan that has not been approved by the OMB designated cognizant Federal agency may not be used to distribute central service costs and any indirect charges would be ineligible. Recipients that determine the cognizant Federal agency based on dollars funded is not required to submit the central service cost allocation plan for review and approval unless requested by that agency. For example, ONAP has not requested TDHEs to submit central service cost allocation plans for</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>review and approval.</p> <p>iii) If OMB has not assigned a cognizant Federal agency, then the central service cost allocation plan must be reviewed. Obtain a copy of the central service cost allocation plan and the supporting documentation for later review. Contact the Denver Program Office to coordinate the review of the central service cost allocation plan.</p> <p>iv) Is the recipient charging the correct fee-for-service rate? (Ensure that the correct fee-for-service is being charged for the time period being reviewed.) If <b>NO</b>, re-calculate the indirect cost amount using the correct fee-for-service, the difference between the amount charged and the re-calculation is either additional amount owed the recipient or an ineligible expense.</p> <p>v) Is the fee-for-service being applied according to the plan? (The central service cost allocation plan will state how the fee-for-service is to be applied, e.g. the number of transactions processed, the number of miles driven, or the number of employees.) If <b>NO</b>, re-calculate the indirect cost amount applying the fee correctly, the difference between the recalculation and the amount charged is either additional amount due the recipient or an ineligible expense.</p> <p><u>General</u> Develop additional questions as necessary.</p>	

7. **Program Income**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>☆ Reviewers will need detailed knowledge of the <b>Program Income Notice – PIH 2000-18</b> (extended by <b>PIH Notice 2001-14</b>) to complete a monitoring review of program income. This monitoring checklist is not intended to replace the notice.</p>	
<p>☆ <b>Do the recipient’s activities have the potential for generating program income? If YES, continue with the program income review, if NO, the review is completed.</b></p>	
<p>A. Does the recipient’s accounting system adequately and accurately record income generated from the use of IHBG funds?</p>	
<p>☆ B. Was the generated income used to pay for the costs/expenses related to producing the income? If <b>YES</b>, has the recipient deducted the expense of producing the generated income before determining the amount of program income?</p>	
<p>☆ C. Has the recipient used IHBG funds to rehabilitate rental units developed under the 1937 Housing Act? If <b>NO</b>, go to question (D), if <b>YES</b>:</p>	
<p>☆ 1. Is the recipient maintaining a cumulative accounting of all IHBG funds spent on the rehabilitation of each unit? If <b>NO</b>, a concern should be established and go to question (D). If <b>YES</b>:</p>	



2. Has the cumulative amount spent on a unit or units exceeded 40 percent of the Dwelling Construction and Equipment (DC&E) costs for this recipient? If **NO**, go to question **(D)**, if **YES** has the recipient accurately accounted for income generated and what was this income for the year?

D. Is the recipient using IHBG funds to operate and maintain low rent housing units developed under the 1937 Housing Act? If **NO**, go to question **(E)**, if **YES**:



1. Is the recipient maintaining an accounting of the rental income on a project basis? If **NO**, a concern should be established and go to question **(E)**. If **YES**:



2. Has the rental income for the project(s) exceeded 46 percent of the Allowable Expense Level (AEL) for this recipient? If **NO**, proceed to question **(E)**, if **YES**, has the recipient accurately accounted for income generated and what was the amount for the year?



E. Is the recipient using IHBG funds to rehabilitate Mutual help units developed under the 1937 Housing Act? If **NO**, go to question **(F)**, if **YES**,



1. Is the recipient maintaining a cumulative accounting of all IHBG funds spent on the rehabilitation of each unit? If **NO**, a concern should be established and go to question **(F)**, if **YES**:

2. Has the cumulative amount spent on a unit or units exceeded 40 per cent of the DC&E costs for this





recipient? If **NO**, go to question (F), if **YES**:

- 3. Have any of these units been conveyed? If **NO**, go to question (F), if **YES**, has the recipient accurately accounted for the income generated and what was the amount for the year?

F. Is the recipient operating a Mutual Help Program developed under the 1937 Housing Act? If **NO**, go to question (G), if **YES**:

- 1. Did the amount of the administrative charge exceed the operating expenses? If **NO**, go to question (G), if **YES**:
- 2. Did the recipient retain the excess? If **NO**, go to question (G), if **YES**, has the recipient accurately accounted for the income generated and what was the amount for the year?



G. Is the recipient using IHBG funds to rehabilitate privately owned houses? If **NO**, go to question (H), if **YES**:

- 1. Does the recipient require the assisted homeowner to repay some or all of the IHBG funds spent at time of sale? If **NO**, go to question (H), if **YES**:
- 2. Has the recipient placed a lien on the property with the proper agency? If **NO**, a concern should be established.
- 3. Does the recipient have a system to track assisted homes that are offered for sale? If **NO**, a concern should be established.
- 4. Has the recipient accurately accounted for the income generated and what was the amount for the year?





H. Has the recipient established a loan program using IHBG funds? If **NO**, go to question **(I)**, if **YES**:

1. Are principal and interest payments used to make additional loans? If **YES**, go to question **(I)**, if **NO**:
2. Has the recipient accurately accounted for the income generated and what was the amount for the year?



I. Has the recipient disposed of equipment or supplies purchased with IHBG funds? If **NO**, go to question **(J)**, if **YES**:

1. Was any income generated from the sale? If **NO**, go to question **(J)**, if **YES**:
2. Has the recipient accurately accounted for the income generated and what was the amount for the year?



J. Has the recipient sold any housing units developed with IHBG funds? If **NO**, go to question **(K)**, if **YES**:

1. Has the recipient accurately accounted for the income generated and what was the amount for the year?



K. Has the recipient been approved for investing IHBG funds? If **NO**, go to question **(L)**, if **YES**,

1. Is the investment income, e.g., interest, being accounted for as generated income? If **NO**, a finding must be established, if **YES**:
2. What was the amount of investment income for the year?



L. Is the recipient engaging in any other IHBG funded activity that generates income? If **NO**, go to question (M), if **YES**:

1. Identify the activity(ies).
2. Has the recipient accurately accounted for the income generated and what was the amount for the year?



M. Does the recipient have any subrecipients engaging in activities that generate income? If **NO**, proceed to the **CONCLUSION**, if **YES**:

1. Complete the second part of **Checklist 12 Monitoring of Subrecipients**.
2. Has the subrecipient(s) accurately accounted for the income generated and what was the amount for the year?



N. **CONCLUSION:**

Total the amount of income generated as identified in questions (C) through (M) above. Does the total of income generated exceed \$25,000 for the year? If **NO**, the amount of program income for the recipient is **ZERO** (§1000.62(b)). If **YES**:

1. Is the recipient spending the program income on affordable housing activities eligible under NAHASDA?
2. Is the recipient expending program income before drawing down additional IHBG funds from its LOC?
3. Is the recipient reporting program income on its HUD 272- I reports?



8. *Administration of Programs*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Previous program deficiencies</p> <ol style="list-style-type: none"> <li>1. Did the last monitoring report identify any findings or concerns? If <b>NO</b>, go to question B, if <b>YES</b>:</li> <li>2. Is there evidence that the findings have been or are being addressed in the timeline established?</li> <li>3. If any concerns were established, has the recipient taken any actions to address these concerns?</li> </ol> <p>B. Conflict of Interest</p> <ol style="list-style-type: none"> <li>1. Has the recipient developed a process or procedure to ensure compliance with the conflict of interest and disclosure requirements of §1000.30(b) and (c)? <u>If <b>NO</b>, a concern should be established.</u></li> <li>2. Did the recipient provide program assistance to persons who participated in the program decision-making process?</li> <li>3. Did the recipient provide program assistance to persons who gained inside information with regard to IHBG assisted activities?</li> <li>4. Did the recipient provide program assistance to persons with business or immediate family ties (as determined in the recipient's operating policies) to persons described in Questions (2) and (3)?</li> <li>5. If the answer was <b>YES</b> to questions (2), (3) or (4), were the person(s) assisted low-income and were they selected in accordance with the recipient's policies for eligibility, admission and occupancy?</li> </ol>	

If NO, a finding must be established. If YES, go to question (6).

6. Did the recipient make public disclosure of the nature of the assistance provided and the specific basis for the selection of the person and was a copy of the disclosure provided to the Area ONAP? If NO, a finding must be made.

Develop additional questions as necessary.

**9. Reporting**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>☆</p> <p>A. Required reports: SF 272 - <u>Federal Cash Transaction Report</u> (quarterly), HUD-52735-AS – <u>Annual Performance Report</u> (annually), HUD-272-I – <u>Federal Cash Transactions Report ONAP</u> (quarterly) and SF 269a - <u>Financial Status Report</u> (annually)</p> <p>1. Are the reports accurate?</p> <p>2. Are the reports current?</p> <p>3. Do the reports provide complete disclosure?</p> <p>4. Are the reports submitted in a timely manner?</p> <p>B. Has recipient been locked out of LOCCS because of late reporting?</p> <p>Develop additional questions as necessary.</p>	



10. *Quality, Completeness and Clarity of Performance Objectives*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Mission Statement (5-Year Plan)</u></p> <ol style="list-style-type: none"> <li>1. Is the recipient fully addressing the language of the mission statement and are low-income families in the jurisdiction of the tribe being served?</li> </ol> <p>B. <u>Characteristics of Housing Market (1-Year Plan)</u></p> <ol style="list-style-type: none"> <li>1. Does available data conform with, or at least not contradict, the recipient’s description of the housing market? (To a large extent, the determinations necessary to respond to this question will be based upon a review of data; for example, BIA or other federal or state agencies that may be done before the visit. The availability of such data will vary considerably by recipient.)</li> </ol> <p>C. <u>Activities and Expenditures</u></p> <ol style="list-style-type: none"> <li>1. Is there evidence that the 5- and 1-year activities are linked to actual expenditures?</li> <li>2. Is there evidence that the timelines for 5- and 1-year activities are reasonable and feasible?</li> </ol> <p><u>General</u> Develop additional questions as necessary.</p>	

**11. Recipient Self-Monitoring and Monitoring of Subrecipients**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Recipient Self-Monitoring</u></p> <ol style="list-style-type: none"> <li>1. Has the recipient conducted self-monitoring as required by §1000.520?</li> <li>2. If completed, did the recipient’s self-monitoring identify programmatic concerns?</li> <li>3. If the answer to 2 is yes, did the recipient undertake corrective actions?</li> <li>4. If completed, did the recipient’s self-monitoring identify compliance concerns?</li> <li>5. If the answer to 4 is <b>YES</b>, did the recipient take appropriate corrective actions?</li> <li>6. If the recipient is a TDHE, did it submit the results of its self-monitoring to the beneficiary tribe?</li> <li>7. Did the recipient establish performance objectives? (A <b>NO</b> answer is not a finding, since the establishment of such objectives is recommended by the regulations.)</li> <li>8. If performance objectives were established, did the recipient’s self-monitoring include an evaluation of its performance in meeting these objectives?</li> </ol> <p>B. <u>Monitoring of Subrecipients</u> <i>Guide for Use at the Recipient Level</i></p> <ol style="list-style-type: none"> <li>1. Was there a defined scope of services for the project?</li> <li>2. Was there a budget established for the project?</li> <li>3. Is there a written agreement with each subrecipient?</li> <li>4. Does the contract or agreement with the subrecipient clearly</li> </ol>	







address or establish:

- a) Statement of work?
- b) Operating budget?
- c) Performance schedule?
- d) Types of information to be kept and frequency and content of reports to be submitted?
- e) How program income will be handled?
- f) Audit requirements?
- g) Applicability of uniform administrative requirements?
- h) Conflict of interest?
- i) Labor standards?
- j) Debarred, suspended or ineligible contractors?
- k) Other program requirements, such as program income and indirect cost rates or fee-for-service arrangements?
- l) Does the recipient monitor subrecipients on-site?
- m) How frequently does on-site monitoring occur?
- n) When was the last visit?
- o) Was the subrecipient provided with written results of the review?
- p) Did the recipient follow up on any findings to assure that corrective measures or actions were taken?
- q) Has the recipient assigned responsibility for monitoring to specific individuals?
- r) Are these individuals familiar with the operation of each assigned project?
- s) To whom do these individuals report and how frequently?
- t) How does the recipient verify actual beneficiaries of the project?
- u) Is the subrecipient required to submit supporting documentation for payment?

- v) Does the recipient review payment requests for reasonableness of cost?
- w) Does the performance seem reasonable and consistent with the terms of the contract?

*Guide for Use at the Subrecipient Level*

1. Is the subrecipient familiar with the eligibility and program requirements necessary for program operation?
2. Are the financial records kept in accordance with 24 CFR 85.20(b)?
3. Is performance consistent with the terms of the contract?
4. Are the recordkeeping requirements of the program regulations being followed?
5. Is there sufficient information collected to provide accurate data for any reports required by the grantee?
6. Did the subrecipient generate any program income? Are the procedures used for identifying, reporting and using program income consistent with the terms of the subrecipient agreement and the program requirements?
7. Has the subrecipient contracted out any of the work under the project?
8. Are the subrecipient's procurement procedures (including Indian Preference) consistent with the terms of the subrecipient agreement?
9. Is the subrecipient charging indirect costs to the ONAP program? If **YES**, are the indirect charges supported by an indirect cost plan or central cost allocation plan? Has the awarding recipient reviewed the indirect cost plan or central cost allocation plan? If not, the costs are ineligible until reviewed by the recipient? To resolve the finding ONAP should examine their review of the sub-recipient's indirect



costs (costs, systems, and rates) to determine if the review was adequate.

10. Does the sub-recipient conduct self-monitoring assessments and submit the results of the assessment to the funding recipient.

General

Develop additional questions as necessary.

**12. *Planned Preservation of 1937 Housing Act Units***

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Adequate Funding for the Preservation 1937 Act Housing Units</u>            Has the recipient allocated adequate NAHASDA funding to ensure the proper maintenance and operation of 1937 Act Housing units? (To determine whether adequate IHBG funds have been allocated to maintain and sustain 1937 Act housing stock, a review of past Comp Grant, CIAP, and subsidy funding levels would be an appropriate pre-monitoring activity. In addition, a review of the IHBG formula grant funds awarded based on Current Assisted Stock (CAS) would provide a benchmark or threshold from which local funding allocations could be analyzed.)</p> <p>B. <u>Planning for the Preservation 1937 Act Housing Units</u>            Does the recipient have comprehensive plans for managing its 1937 Act housing units, including the inspection, protection, and maintenance of the structures?</p> <p>Develop additional questions as necessary.</p>	

13. *Preservation of 1937 Housing Act Units*

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Unit Inspections</u></p> <ol style="list-style-type: none"> <li>1. Is there documented evidence that the recipient has inspected its 1937 Housing Act units?</li> <li>2. If <b>YES</b>, how many units have been inspected to date?</li> <li>3. How many units should have been inspected based upon the recipient's inspection plan?</li> </ol> <p>B. <u>Unit Quality</u></p> <ol style="list-style-type: none"> <li>1. Has the recipient documented that its units are in good, fair, or poor condition?</li> <li>2. Has the recipient documented that its units are maintained on a routine basis?</li> <li>3. Is there evidence of a maintenance work-order backlog? If <b>YES</b>, how many?</li> <li>4. Is there a schedule for reducing the maintenance work-order backlog?</li> </ol> <p>C. How does this data compare to the information reported in Table III of the APR?</p> <p><u>General</u> Develop additional questions as necessary.</p>	



**14. Environmental Reviews**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Tribe Environmental Reviews</u>            If the tribe assumed environmental review responsibilities, the following questions should be addressed/areas reviewed.</p> <ol style="list-style-type: none"> <li>1. Is there a separate Environmental Review Record (ERR) for each project?</li> <li>2. Was the current HUD recommended format (or an equivalent format) used for the ERR?</li> <li>3. Does each ERR contain the following               <ol style="list-style-type: none"> <li>a) Project description including, when applicable, geographic boundaries and all related HUD or non-HUD funded activities proposed</li> <li>b) Written determinations in those cases in which the recipient claims that projects or activities are "exempt" under §58.34 or "categorically excluded" under §58.35</li> <li>c) Finding of No Significant Impact (FONSI) (If a negative response is based on the fact that the recipient found that a significant impact may occur, please go to number 7 to continue the review.)</li> <li>d) Copy of published Notice of FONSI or of a Combined Notice</li> <li>e) Copy of published Notice of Intent to Request Release of Funds (NOI/RROF) or a Combined Notice of FONSI and NOI/RROF</li> <li>f) Form HUD 7015.15, Request for Release of Funds</li> </ol> </li> </ol>	



<p>and Certification</p> <p>g) Form HUD 7015.16, Notice of Removal of Grant Conditions signed and dated by HUD, indicating that at least 15 days were allowed for objections</p> <p>4. Do recipient's records show that</p> <p>a) With the exception of exempt activities, no grant funds were obligated or spent prior to the receipt of the HUD 7015.16 (or the date specified in the HUD 7015.16, if earlier).</p> <p>b) With the exception of categorically excluded activities determined to be exempt under the provisions of §58.34(a)(12), no physical development activities began prior to the receipt of the HUD 7015.16 (or the date specified in the HUD 7015.16, if earlier).</p> <p>c) What is the source of the answers to questions 4 a) and b)?</p> <p>5. Completeness of Statutory Checklist</p> <p>a) Is there evidence that the federal laws and authorities listed at §58.5 have been specifically addressed for all activities except for those classified as exempt under §58.34?</p> <p>b) Were recognized authoritative sources used to support the conclusions reached?</p> <p>6. If mitigating measures are required, are they included in the ERR as part of the actions pertaining to the environmental review?</p> <p>7. Environmental Impact Statements. If the finding was that the release of funds may significantly impact the human environment and an Environmental Impact Statement (EIS) was required, does the ERR contain</p>	
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- a) A copy of a published Notice of Intent to Prepare an EIS?
- b) Evidence that a copy of such notice was sent to local news media; interested individuals and groups; and local, state, and federal agencies, including the Headquarters and appropriate regional office of the EPA?
- c) A draft EIS?
- d) A supplemental draft EIS, if necessary?
- e) Evidence that copies of the draft EIS were sent to the EPA, other federal agencies, state and local agencies, any entity designated by a state pursuant to E.O. 12372, and interested individuals and groups?
- f) A final EIS?
- g) A final supplemental EIS, if necessary?
- h) Evidence that the comments were responded to in the final EIS?
- i) Evidence that the draft and final EISs were filed for *Federal Register* publication with the EPA for the required time periods before the recipient submitted the Request for Release of Funds?

B. HUD Environmental Reviews

If the tribe declined to assume environmental review responsibilities, the following questions should be addressed/areas reviewed. Pursuant to the requirements of 24 CFR 50(h) and consistent with its assurance of compliance with these requirements, did the tribe (or TDHE)

1. Either supply HUD with all available, relevant



information necessary for HUD to perform for each property any environmental review required by 24 CFR Part 50 or prepare for an Environmental Assessment for HUD review and evaluation?

2. (If applicable) Carry out mitigating measures required by HUD as a consequence of its review?
3. (If applicable) Select an alternative property rather than carry out mitigating measures?
4. Not acquire, rehabilitate, convert, lease, repair or construct property, nor commit local funds for these program activities with respect to any eligible property until HUD approval of the property was received?

General

Develop additional questions as necessary.

**15. Procurement/Contract Administration**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Small Purchases</u> Can the recipient document receipt of an adequate number of price or rate quotations from qualified sources for procurements of \$100,000 or less?</p> <p>B. <u>Competitive Sealed Bids (Formal Advertising)</u></p> <ol style="list-style-type: none"> <li>1. Did the recipient receive at least two responsive bids from responsible bidders for each procurement transaction?</li> <li>2. Did the procurement lend itself to a firm, fixed price contract, and could selection of the successful bidder be made principally on the basis of price?</li> <li>3. Did the recipient advertise the Invitation For Bid (IFB) in a publication of general circulation?</li> <li>4. Were bids solicited from an adequate number of potential bidders?</li> <li>5. Did the IFB, including specifications and pertinent attachments, clearly define the items or services needed in order for the bidders to properly respond to the invitation?</li> <li>6. Did the IFB include wage determination schedules, payroll submission requirements, and other necessary bid elements?</li> <li>7. Were all bids opened publicly at the time and place stated in the IFB?</li> <li>8. Was the contract awarded to the lowest responsive and responsible bidder?</li> </ol>	

C. Competitive Proposals

1. Was this procurement method used only when conditions were not appropriate for the use of competitive sealed bids?
2. Did the Request for Proposals (RFP) state clearly and accurately the technical requirements for the goods or services to be procured?
3. Were the proposals solicited from an adequate number of qualified sources, consistent with the nature of the procurement?
4. Did the recipient publicize the RFP and honor reasonable requests by parties to compete to the maximum extent practicable?
5. Did the RFP identify all significant evaluation factors, including price or cost where required, and their relative importance?
6. Did the recipient
  - a) Conduct technical evaluations of submitted proposals?
  - b) Determine responsible bidders from such evaluations?
  - c) As necessary, conduct negotiations, written or oral, for final contract award?
  - d) Make awards to the most responsive and responsible bidders whose proposals would be most advantageous to the recipient after price and other factors were considered?
7. If proposals involving architectural/engineering professional services were evaluated with respect to

factors other than price, did the recipient document the basis for negotiation of fair and reasonable compensation?

D. Noncompetitive Proposals

1. Can the recipient show that another method of procurement (small purchases, sealed bids or competitive proposals) was not feasible because the item was only available from a single source, a public exigency or emergency was of such urgency to not permit use of competitive solicitation or, after solicitation of a number of sources, competition was determined inadequate?
2. If the answer is **NO**, did the recipient obtain approval from HUD for use of this method?

E. General Provisions/Procedures

1. Is the recipient ensuring that its awards are not made to any party that is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction consistent with the requirements of 24 CFR part 24?
2. Was there a rationale in the file for
  - a) The selection of the method of procurement?
  - b) The selection of contract type?
  - c) Contractor selection or rejection?
  - d) The basis for the cost or price of the contract?
3. Is contract pricing always based on a method other than the "cost-plus-a-percentage-of-cost" method?
4. Are procurement procedures in place that ensure
  - a) An authorized program official signs purchase



<p>orders and contracts?</p> <ul style="list-style-type: none"> <li>b) Items delivered and paid for are consistent with the items contained in the corresponding purchase order and/or contract?</li> <li>c) Timely payment of vendors occurs once requested orders have been delivered, inspected, and accepted and payment of the vendor has been approved?</li> <li>d) A cost or price analysis is performed in connection with every procurement action, including contract modifications?</li> <li>e) Were the contract provisions listed in 24 CFR 85.36(i) appropriately included in the grant assisted contracts?</li> <li>f) Does the recipient have a written code of conduct governing employees, officers, or agents engaged in the award and administration of contracts supported by grant funds?</li> <li>g) Can the recipient document a system of contract administration for determining the adequacy of contractor performance?</li> <li>h) If applicable, can the recipient show that its subrecipients are required to follow applicable procurement policies and procedures in the administration of their contracts and purchase orders?</li> </ul> <p>F. <u>Bonding and Insurance</u></p> <ol style="list-style-type: none"> <li>1. If contracts have been awarded for construction or facility improvements under the grant program(s), did the recipient</li> </ol>	
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- a) Follow its own requirements relating to bid guarantees, performance bonds, and payment bonds for construction contracts or subcontracts valued at or below \$100,000?
- b) Meet the minimum federal requirements for bid guarantees, performance bonds and payment bonds (24 CFR 85.36(h)) or the alternatives set forth in §1000.26(a)(12) for construction contracts or subcontracts valued above \$100,000?

G. Contracting With Small and Minority Firms, Women's Business Enterprise, and Labor Surplus Area Firms

1. Is the recipient taking affirmative steps to use small, minority-owned, and women-owned businesses in grant funded contracts such as
  - a) Businesses on solicitation lists whenever they are potential sources?
  - b) Ensuring that such businesses, when identified, are solicited whenever they are potential sources?
  - c) Dividing procurement requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such businesses?
  - d) Requiring prime contractors when subcontracts are let, to take affirmative steps to select small, minority-owned, and women-owned businesses in grant-funded contracts?
2. If the recipient is not taking the steps identified in the question above, list the actions the recipient is taking to meet 24 CFR 85.36(e) requirements that affirmative steps be taken to assure use of small, minority-owned,

and women-owned businesses when possible.

H. Requirements Under Section 3 of the Housing and Urban Development Act of 1968.

1. Has the recipient attempted, to the greatest extent feasible and consistent with Indian Preference requirements, to award contracts for work to be performed under the programs to business concerns that provide economic opportunities to low and very-low income persons who are residents of housing or who live in the metropolitan or non-metropolitan count in which the programs are undertaken?

General

Develop additional questions as necessary.

**16. Indian Preference and Non-Discrimination**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Non-Discrimination</p> <ol style="list-style-type: none"> <li>1. Has the recipient complied with the relevant portions of the Indian Civil Rights Act (Title II of PL. 90-284)?</li> <li>2. Has the recipient required contractors and subcontractors to comply with E.O. 11246, as amended by E.O.11375 and supplemented by DOL Regulations 24 CFR Part 60 (applicable to contracts and subcontracts in excess of \$10,000)?</li> <li>3. In the administration of its IHBG program, has the recipient provided, to the maximum extent feasible, hiring preference and training opportunities to Indians and Alaska Natives?</li> <li>4. Has the recipient required contractors and subcontractors to comply with Section 7(b) of P.L. 93-638?</li> <li>5. Have any complaints been filed with the recipient based on the provision of Indian Preference in employment, training, procurement, or the provision of program benefits?</li> <li>6. If complaints have been filed, were the procedures for addressing these complaints consistent with the requirements of §1000.54?</li> </ol> <p>B. Indian Preference in Procurement</p> <ol style="list-style-type: none"> <li>1. Small Purchase Does the recipient provide, to the greatest extent feasible, Indian Preference in the award of the</li> </ol>	



contract? Identify the procurement transactions reviewed. Describe the method or process used by the recipient to provide preference, or attach a copy of the recipient's procedures.

2. Competitive Sealed Bids

- a) Identify the procurement transactions reviewed and the process or method used by the recipient to meet regulatory requirements:
  - i) Invitation for Bids (IFB) was limited to Indian-owned firms
  - ii) A two-stage preference was used
  - iii) Recipient used a HUD-approved method of providing preference; Identify date of HUD approval and method approved
- b) Did the recipient identify the method to be used to provide Indian Preference in the IFB?
- c) If the method of providing preference resulted in bids from fewer than two qualified entities, did the recipient either?
  - i) Re-bid the contract by using any of the methods identified in 2(a) above?
  - ii) Re-bid the contract without limiting the IFB to Indian entities?
  - iii) Request HUD approval to award the contract (if one approvable bid was received)?

3. Competitive Negotiation (RFP)

- a) Identify the procurement transactions reviewed and the process the recipient used to meet regulatory requirements:
  - i) The RFP was limited to Indian-owned

<p>firms</p> <ul style="list-style-type: none"> <li>ii) A two-stage preference was used</li> <li>iii) Recipient used a HUD-approved method of providing preference. Identify date of HUD approval and method approved</li> <li>iv) Did the recipient identify the manner or method to be used to provide Indian Preference in the RFP?</li> </ul> <p>b) If the method of providing preference resulted in fewer than two qualified Indian entities submitting proposals, did the recipient either</p> <ul style="list-style-type: none"> <li>i) Re-advertise the RFP by using any of the methods identified in 3 a)</li> <li>ii) Re-advertise the RFP without limiting it to Indian entities</li> <li>iii) If one approvable proposal was received, was HUD approval requested?</li> </ul> <p><u>General</u> Develop additional questions as necessary.</p>	
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**17. Labor Standards**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Assessment of Grantee Labor Standards Administration</u></p> <ol style="list-style-type: none"> <li>1. Does the recipient have designated staff to ensure compliance with labor standards requirements?</li> <li>2. Does the recipient maintain the following documents or information?               <ol style="list-style-type: none"> <li>a) Labor standards enforcement files for each construction project</li> <li>b) Construction start dates</li> <li>c) Contract award dates</li> <li>d) Contract bid specifications with labor standards provisions</li> <li>e) Pre-construction conference minutes (optional)</li> <li>f) Records pertaining to violations and wage restitution (if applicable)</li> <li>g) Apprentice/trainee registration records (as needed)</li> <li>h) Records of employee interviews</li> <li>i) Certified payrolls maintained by the project</li> <li>j) Evidence of certified payroll review</li> </ol> </li> <li>3. Does the recipient submit semi-annual Labor Standards Enforcement Reports to HUD Labor relations?</li> </ol> <p>B. <u>Labor Standards Compliance, Individual Construction Contract</u></p> <ol style="list-style-type: none"> <li>1. Contract Components Are the following elements included in each contract being reviewed?               <ol style="list-style-type: none"> <li>a) Project number designation</li> </ol> </li> </ol>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<ul style="list-style-type: none"> <li>b) Name of contractor</li> <li>c) Description of work</li> <li>d) Bid opening date</li> <li>e) Contract award date</li> <li>f) Contract amount</li> <li>g) Start of construction date</li> </ul> <p>2. Contract Documents</p> <p>Are the following documents included in the contract file?</p> <ul style="list-style-type: none"> <li>a) Proper wage decision in contract/specifications</li> <li>b) Labor standards provisions in the contract/specifications</li> <li>c) Bidder's certification of eligibility per 24 CFR Part 24</li> <li>d) Additional classifications and wage rates processed as needed</li> </ul> <p>3. Payroll Review</p> <ul style="list-style-type: none"> <li>a) Are payrolls submitted in a timely manner?</li> <li>b) Are payrolls signed by employer or authorized representative?</li> <li>c) Are discrepancies/violations noted?</li> <li>d) Is there evidence of payroll review?</li> <li>e) Are discrepancies/violations followed through to full resolution?</li> </ul> <p>4. Employee Interviews</p> <ul style="list-style-type: none"> <li>a) Were employee interviews conducted by the recipient?</li> <li>b) Was a representative number of trades and workers covered?</li> </ul> <p><i>Note: On-site interviews may be targeted to specific trades or contracts for investigative purposes. A record to the file should be made when such targeting of resources results in fewer (or no) interviews on contracts where no violations are suspected.</i></p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>5. Investigations and Enforcement</p> <ul style="list-style-type: none"> <li>a) Are worker complaints handled and resolved in a timely manner and investigations conducted where appropriate?</li> <li>b) Are escrow accounts established and funds withheld to cover labor standards violations?</li> <li>c) Are enforcement reports submitted to HUD where underpayments total \$1,000 or more?</li> </ul> <p><u>General</u> Develop additional questions as necessary.</p>	

**18. Relocation**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. <u>Temporary Relocation</u>            This term applies to <i>residential tenants and homebuyers</i> who will not be required to move permanently as a result of the program but who must move temporarily for the project to proceed. A random sample of case files should be reviewed.</p> <ol style="list-style-type: none"> <li>1. Were the tenants or homebuyers reimbursed for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation?</li> <li>2. Were appropriate advisory services provided including advance <i>written</i> notice of:               <ol style="list-style-type: none"> <li>a) Date and approximate duration of the relocation</li> <li>b) Location of the dwelling to be made available for the temporary period</li> <li>c) Terms and conditions under which the tenant may occupy an acceptable dwelling in the building/complex/project after the completion of repairs</li> </ol> </li> </ol> <p>B. <u>Permanent Displacement</u>            Persons who move permanently (or move their personal property) from real property as a direct result of rehabilitation, demolition, or acquisition for an IHBG assisted program are considered “displaced.”</p> <p>Persons include residential occupants (families and</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>individuals) and nonresidential occupants (businesses, non-profit organizations, and farms).</p> <ol style="list-style-type: none"> <li>1. Does the recipient have an up-to-date copy of the DOT regulations 49 CFR part 24?</li> <li>2. Does the recipient have records identifying all residential occupants by name, number of members, gross income, rent and utility costs, and apartment size (if applicable) and other entities occupying the property on the date of initiation of negotiations to acquire the real property? Number of Residential Occupants: Number of Nonresidential Occupants:</li> </ol> <p>C. <u>Records on Displacements</u> A random sample of household and nonresidential case files should be reviewed. Identify the case files reviewed. For each file reviewed, is there:</p> <ol style="list-style-type: none"> <li>1. A copy of a timely notice of general information?</li> <li>2. A copy of a timely notice of eligibility for relocation assistance?</li> <li>3. Copy of the 90-day advance notice of date by which the move is required?</li> <li>4. A copy of the 30-day advance notice of the specific date the move is required?</li> <li>5. A record of personal contacts and advisory services provided?</li> <li>6. If applicable, referral to comparable replacement dwelling on which the upper limit of the replacement housing payment was based?</li> <li>7. If applicable, evidence of referrals to comparable</li> </ol>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>(affordable) replacement housing?</p> <p>8. If applicable, evidence that the tenant received cash or equivalent replacement housing assistance?</p> <p>9. A copy of an approved claim for, and evidence of receipt of, payment of moving expenses?</p> <p>D. <u>Records on Persons Not Displaced</u>  Persons not required to move by the assisted activity. A random sample of case files should be reviewed.</p> <p>1. For each case file reviewed is there a copy of a timely notice explaining that the person would not be displaced and would be provided a suitable (affordable) unit in the property after rehabilitation?</p> <p>2. Is there an acceptable explanation for each case where the after rehabilitation rent exceeds 30% of income/old rent standard?</p> <p>3. Is there an acceptable explanation of the cause of the move of any person who permanently relocated but was not displaced by the program?</p> <p><u>General</u>  Develop additional questions as necessary.</p>	



**19. Real Property Acquisition**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Did the recipient obtain an appraisal of the property from a qualified appraiser?</p> <p>B. Prior to discussing the purchase price with the owner, did the recipient inform the owner:</p> <ol style="list-style-type: none"> <li>1. Of the amount the recipient believes to be the fair market value of the property based on the appraisal?</li> <li>2. That it will be unable to acquire the property if negotiations fail to result in an amicable agreement?</li> </ol> <p>C. If the acquisition payment exceeded the fair market value established for the property, did the recipient request and receive HUD approval of the proposed acquisition price prior to making a firm commitment to purchase?</p> <p><u>General</u> Develop additional questions as necessary.</p>	

20. **Lead-Based Paint**

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>A. Did the recipient review all units to be assisted to determine if they were in a non-excepted category as stated in the regulations?</p> <p>B. Were all of the units to be assisted found by the recipient to be in an excepted category? (If the response to this question is <b>YES</b>, the review is completed. If the response is <b>NO</b>, the balance of the review must be completed.)</p> <p>C. Was there documentation to establish that all pre-1978 units were visually inspected for defective paint surfaces? (As defined in Section §1000.40c(4), the paint surfaces to be inspected include all painted interior surfaces within the unit, including ceilings but excluding furniture that is not built in or attached to the property; the entrance and hallway providing ingress or egress to the unit in a multi-unit building and other common area that are readily accessible to children less than 6 years of age; and exterior surfaces readily accessible to children under 6 years of age (including walls, stairs, decks, porches, railings, windows and doors, and outbuildings such as garages and sheds that are readily accessible to children of less than 6 years of age.)</p> <p>D. Was there documentation to establish that no defective paint surfaces were found? (If the answer to this question is <b>YES</b>, proceed to question H. If defective surfaces were found but the surfaces were determined to not be lead-based paint based on a report by a qualified lead-based paint inspector, cite the report,</p>	



<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>identify the inspector and his or her qualifications below and proceed to question H.)</p> <p>E. If defective paint surfaces were found, is there documentation to establish that they were treated in accordance with the covering or removal requirements set forth in §1000.40(f)? (These requirements are that the surfaces must be covered with durable materials with joints and edges sealed and caulked as needed to prevent the escape of lead contaminated dust. If not covered, acceptable removal methods include removal by wet scraping, wet sanding, chemical stripping on or off site, replacing painted components, scraping with infra-red or coil type heat gun with temperature below 1100°, HEPA vacuum sanding; HEPA vacuum needle gun, contained hydroblasting or high pressure wash with HEPA vacuum, and abrasive sandblasting with HEPA vacuum. During any exterior treatment soil and playground equipment must be protected from contamination. All treatment procedures must be concluded with a thorough cleaning of all surfaces in the room or area of treatment to remove fine dust particles. Clean up must be accomplished by wet washing surfaces with a lead-solubilizing detergent such as trisodium phosphate. Waste and debris must be disposed of in accordance with all applicable federal, tribal, state, and local laws.)</p> <p>F. Is there documentation to establish that the recipient took appropriate actions to protect residents and their belongings from hazard associated with treatment procedures?</p> <p>G. Did the treatment occur within 30 days of the visual inspection?</p>	

<i>Issues/Questions &amp; Responses</i>	<i>Findings/Concerns/Possible Corrective Actions</i>
<p>H. Were any of the pre-1978 assisted units occupied by a family with a child under the age of 6 with an identified EBL condition? (If <b>NO</b>, the Lead-based paint review is complete. If <b>YES</b>, proceed to question I.)</p> <p>I. If a pre-1978 assisted unit was occupied by a child under the age of 6 with an EBL, were all chewable surfaces tested for lead-based paint? (For this question, surfaces have the same definition as in question C. Testing is not required if previous testing of chewable surfaces was negative or if the chewable surface were already treated.)</p> <p>J. If lead-based paint on chewable surfaces was identified, were the surfaces treated in accordance with the requirements of §1000.40(f)? (See question E for a listing of these requirements.)</p> <p><u>General</u> Develop additional questions as necessary.</p>	

**Monitoring Findings and Concerns:**

## *SUPPLEMENT TO MONITORING PROCESS GUIDELINES – MONITORING IHP CERTIFICATIONS*

The IHP includes various required certifications, although certain of these certifications are activity specific and would not be required of all recipients. These certifications are based upon statutory requirements, and with one exception (insurance coverage), are related to the development and implementation of various policies by the recipient related to its IHBG funded affordable housing activities. Question 20 in Monitoring Checklist No. Five - Monitoring Progress -is the only reference in the checklists to compliance with IHP certifications. The purpose of this supplement is to assist the GE Specialist by identifying the basis and the nature of these certifications.

It is to be noted that:

1. In some instances, the statutory language, which is the basis of the certification, is more complete and explicit than in others. When this is the case, recipient responsibilities are better defined. Where the statutory language is more vague or general, it is entirely possible that a recipient's policy would meet the letter of the law, but was in need of improvement to make it more complete, understandable, etc. When such a situation is discovered during monitoring, a concern should be raised in the monitoring report and a referral for technical assistance may be appropriate.
2. There may be regulatory language which explains or supplements the statutory language which formed the basis of the certification.
3. As indicated above, certain certifications will only be applicable based upon the nature of IHBG Program activities. The applicability of the various certifications should become apparent when the IHP(s) are reviewed as part of pre-monitoring preparation.

### *CERTIFICATIONS*

1. **Insurance Coverage** (Section 203(c)) Adequate insurance coverage must be maintained for housing units that are owned and operated **or** assisted with IHBG funds. The language of this section is supplemented by that found in §§1000.136 and 138 of the Program regulations.
2. **Rent and Homebuyer Payments** - (Section 203(a)(1)) Each recipient must develop written policies governing rents and homebuyer payments charged for dwelling units assisted with IHBG funds. Section 203(a)(2) requires that the rent or homebuyer payment for a unit assisted with IHBG funds occupied by a low-income family may not exceed 30% of the adjusted income of the family. Adjusted income is defined in Section 4 of NAHASDA. Sections 1000.124-132 of the Program regulations further define and supplement the statutory language.
3. **Eligibility** - (Section 203(d)). Each recipient must develop a written policy which contains a description of who qualifies for assistance under its IHBG Program. Sections 1000.104, 106, 110, and 120 of the Program regulations supplement statutory eligibility language found in section 201(b) of the Act.
4. **Admissions** - (Section 203(d)). Each recipient must develop a written policy which describes who may occupy homes assisted with IHBG funds. Rental housing must be made available to families who are low income at the time of initial occupancy, per section 205(a)(1)(A). Homeownership housing must be made available to families who are low

**SUPPLEMENT TO MONITORING PROCESS GUIDELINES – MONITORING IHP  
CERTIFICATIONS**

income at the time of purchase, per section 205(a)(1)(B). Section 1000.146 of the Program regulations supplement statutory language.

5. **Tenant Selection** - (Section 207(b)). Each recipient must develop a tenant selection policy. This policy establishes criteria for including families on the waiting list and for selecting families from the waiting list. This policy may be part of the admissions policy or may be a separate policy. Tenant selection must be consistent with the low-income purpose of NAHASDA, per section 207(b)(1). A waiting list is required by section 207(b)(3)(A). Those rejected for inclusion on the waiting list must be promptly informed of the reasons, per section 207(b)(3)(B).

6. **Occupancy** - (Section 203(d)). Each recipient must develop a written occupancy policy which establishes requirements for continued occupancy and grounds for termination of a lease. This policy must be consistent with the lease requirements in section 207 of the Act.

7. **Management and Maintenance** - (Section 203 (e)). Each recipient must develop written policies which define responsibilities of homebuyers, tenants, and the tribe/TDHE for maintenance of units assisted with IHBG funds.

**SUBRECIPIENT MONITORING CHECKLIST**

**Recipient:** \_\_\_\_\_

**Total Subrecipient Funds:** \$ \_\_\_\_\_

**Total Undisbursed Funds:** \$ \_\_\_\_\_

**Subrecipient:** \_\_\_\_\_

**Fiscal Year Monitored:** \_\_\_\_\_

**Programs Monitored:** \_\_\_\_\_

**GE Specialist:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**On-Site or Remote Review:** \_\_\_\_\_

<b>Subrecipient Checklist</b>		<b>Yes</b>	<b>No</b>	<b>Unknown</b>	<b>Is Supporting Documentation Acceptable?</b>		<b>Documents Reviewed</b>
					<b>Yes</b>	<b>No</b>	
1.	Is there a written contract or Memorandum of Understanding/Agreement?						
2.	Is there a performance-based subcontract?						
3.	Are subrecipient responsibilities clearly defined?						
4.	Are performance objectives clear, reasonable, and linked to actual expenditures?						
5.	Are the measurable goals attained and documented?						
6.	Is there evidence of monitoring by the recipient?						
7.	Are there adequate financial systems and internal controls to assure funds are safeguarded?						
8.	Is a subrecipient audit required?						
9.	Has a subrecipient audit been submitted?						
10.	Does the subrecipient submit reporting documents?						
11.	Is there evidence of subrecipient noncompliance?						
12.	Is there evidence of subrecipient waste, fraud, and/or abuse?						



**SUBRECIPIENT MONITORING CHECKLIST**

<i>Subrecipient Checklist</i>		<i>Yes</i>	<i>No</i>	<i>Unknown</i>	<i>Is Supporting Documentation Acceptable?</i> <b>Yes      No</b>		<i>Documents Reviewed</i>
13.	Are there no substantiated complaints against the subrecipient, or are the complaints found to be unwarranted?						
14.	Refer for further investigation?			Rationale:			
15.	Referral date:						

*SUBRECIPIENT MONITORING CHECKLIST*

*Findings and Concerns:*

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**ON-SITE VISIT NOTIFICATION LETTER**

**[ADDRESS]**

Dear **[TRIBAL CHAIRPERSON OR TDHE CHAIRPERSON]:**

Subject: On-site Monitoring of HUD Assisted Programs

The Office of Native American Programs (ONAP) has scheduled an on-site review of your programs funded by the U.S. Department of Housing and Urban Development (HUD). The purposes of the monitoring are to:

- Fulfill public trust responsibilities by ensuring that HUD grants are implemented in a timely manner and in compliance with all applicable requirements
- Identify trends that indicate superior, satisfactory, or deficient performance
- Develop and implement actions to reinforce, improve, correct, or supplement recipient performance as appropriate
- Identify and validate technical assistance needs

Based on our conversations with your staff, we have tentatively scheduled this review for **[DATE OF ON-SITE VISIT]**. We will contact you in the near future to confirm those dates. The information below will give you a clear understanding about the upcoming monitoring review.

- ONAP staff to conduct the monitoring.  
**[LIST ALL ONAP STAFF.]**

- HUD grant(s) to be monitored  
**[LIST HUD GRANT(S) TO BE MONITORED]**

Staff ONAP would like to interview.

**[IDENTIFY RECIPIENT STAFF TO BE INTERVIEWED BY NAME, IF KNOWN.]**

- Subrecipients (if applicable) ONAP would like to interview  
**[IDENTIFY SUBRECIPIENTS TO BE INTERVIEWED BY NAME, IF KNOWN.]**

In preparation for our on-site visit, please identify some beneficiaries of your HUD assisted program(s) with whom we can meet and interview.

This monitoring visit is an excellent opportunity for ONAP to learn about any actual or emerging best practices you have accomplished. It also enables ONAP to identify any program weaknesses and to develop a plan for maximizing your performance.

Please contact me at **[NAME AND PHONE NUMBER OF GE SPECIALIST]** if you have any questions or comments.

Sincerely,

Grants Evaluation Specialist

cc: Tribe (if applicable)

This guidance supplements that provided in Section 5.5 - **Create Monitoring Report**. Since these reports are public information, they need to be written in a manner that facilitates public understanding of the procedures, process, and outcome. The content of monitoring reports should include or address, as appropriate:

1. Identification of programs and projects monitored by grant number.

Instead of stating, as example, Indian Housing Block Grant Program, the specific IHBG program or programs (or other HUD programs) should be identified by grant number.

2. Dates of the review
3. HUD staff involved in the review and the identification of the lead HUD reviewer, if applicable
4. Local officials and staff who participated identified by name and title/function.

Under certain circumstances, the individuals that attended the exit conference may be different than those who actually were involved in the review, e.g., the tribal chairperson or TDHE chairperson may not have been directly involved, but was present at the exit conference. In such a circumstance, particular attention should be given to correctly identifying the role or part the person played in the process.

5. Areas monitored for each project monitored.

Certain of these areas are an aspect of the risk assessment-based written monitoring strategy that must be prepared for each recipient prior to monitoring. In addition to such areas, there are required monitoring areas -- environmental review, procurement/contract administration, Indian preference and non-discrimination, and labor standards (paragraph 3.2.2, Chapter 3). It is also recommended that IHP certifications be monitored during the first monitoring visit made to IHBG recipients (unless, of course, the recipient has previously provided documentation which demonstrated that the policy or process included or addressed required characteristics and had been established, adopted if required, and implemented. Another attachment to Chapter 3 addresses the monitoring of these certifications.

6. A description of the process or procedure used to monitor compliance in each area.

For example, if the area being reviewed was environmental, the report would identify the ERRs (environmental review records) which were reviewed; if the area was procurement/contract administration, recipient procurement policies reviewed and the procurement transactions and documentation reviewed should be identified.

7. The conclusions reached by the reviewer for each area monitored.

- a. A conclusion could be a deficiency (a finding or a concern), an observation of compliance, or observation of best practice or success.

A conclusion should be stated for each area monitored for each program/project monitored. If the status of a project is that there has not been any activity that would have triggered certain compliance

requirements (e.g., There has not been any procurement activity and therefore nothing to review under the area of procurement/contract administration.) it is still necessary to address a required area in the report. The conclusion in such a situation would be the observation that the review concluded that the recipient had not undertaken procurement or contract administration activities during the period monitored.

b. A finding is made if the deficiency discovered or negative conclusion reached is recipient noncompliance with a statutory or regulatory requirement.

For each finding, the specific statutory or regulatory requirement should be explicitly identified. (If you cannot identify such a requirement, the deficiency is not a finding but may be a concern.) If the language of the statutory or regulatory paragraph or section is relatively short, it should be stated verbatim; if not, it may be summarized.

To the extent possible, noted examples of noncompliance in a specific monitoring area, which are symptomatic or indicative of a more general problem, should not each be identified as the finding; the underlying or more general problem should be. As an example, a review of recipient procurement may find deficiencies in awarding contracts in excess of \$100,000 without formal competition and a failure to do cost or price analyses for planned procurements. If these deficiencies are due to the fact that the recipient does not have a procurement policy/procedure which provides for these elements, as required by 24 CFR §85.36, the finding would be the inadequacy of the recipient's procurement policy/procedure and these specific deficiencies could be used as examples of inadequacies. If these deficiencies were the result of the recipient's failure to competently administer an acceptable local policy, the finding would, of course, not be the inadequacy of the policy but the failure to administer/manage the policy.

The remedial or corrective action recommended to address or resolve a finding should be designed to: prevent a continuance of the deficiency; mitigate or ameliorate any adverse consequence or effect of the deficiency; and prevent the recurrence of the same or similar deficiency.

The final report should, of course, explicitly indicate that the recipient has specific target dates or timeframes for completion of recommended corrective or remedial actions. The target dates established should take into consideration practical aspects of implementing the action and the significance of the deficiency. Since the recipient will have been made aware of the deficiency during the exit conference, it is reasonable to assume that approximately 60 days will have elapsed since the recipient knew of the problem and the issuance of the final monitoring report. Given length of this time span, it is unlikely that it would be necessary to establish a target date later than 30 days after the issuance of the final report. Extraordinary circumstances may, however, warrant or require that this date be set further in the future. At the time of the issuance of the draft report, we will not know the specific date of the final report since it is not clear when the recipient's comments, if any, on the draft will be received. It is, therefore, appropriate to include in the draft report language which indicates that specific dates for the completion of corrective or remedial actions for findings not satisfactorily resolved by recipient response to the draft will be established in the final report. It should also be noted that, unless warranted by extraordinary circumstances, these dates would be no later than 30 days after the issuance of that report.

c. Concerns are deficiencies which do not represent noncompliance with the law or regulations. It is not required that recommended or suggested actions be identified for each concern.

It is, however, logical and appropriate that if we are noting a concern, we should offer suggestions as to what action or actions could be taken to address the concern and to identify technical assistance that may be available. Certain concerns, if not promptly or completely addressed by a recipient, could lead to future noncompliance, i.e., findings.

#### 8. A description of the exit conference.

This should include the date, attendees, and a statement regarding the discussion of the tentative conclusions reached during the review.

#### 9. If the recipient is a TDHE, a copy of the draft and final reports must be sent to the Chairperson of the beneficiary tribe.

As indicated in Chapter 3, beneficiary tribes are to be provided the opportunity to be involved in the monitoring process. They are provided notification of upcoming monitoring and are invited to participate. They are also provided a copy of the draft report and are invited to comment. Similarly, they are provided with a copy of the final report. In addition to the fact that resolution of findings may require the direct involvement of the tribe, beneficiary tribes have a regulatory responsibility [§1000.502(b)] for TDHE oversight.

#### 10. The final report should include a summary of recipient comments, if any, for every deficiency included in the draft report and the effect of the comment, e.g., “it was adequate/inadequate to resolve the finding because...”

Some Area ONAPs have included recipient comments as highlighted sections of the final report which is a very effective way to provide the information. We must remember, however, that the final report is a public document. It must be written in such a way that interested members of the public can understand it and it must be, to the extent practicable, a stand-alone document.

#### 11. Tone of report

Finally, while it is not a specific element or component, it is important that the tone of the report be positive and recognize those areas in which the recipient is doing a good job or has shown significant improvement, as well as any area of deficiency. To the maximum extent possible, deficient performance should be placed in perspective. This is not to indicate that the existence or effect of deficiencies can be overlooked or minimized. We must remember, however, that one of the principal objectives of ONAP is the establishment and maintenance of productive working relationships with our recipients so that we may best assist them in meeting the needs of their communities for affordable housing and community development. Positive reinforcement of successful performance is a proven tool in meeting this objective.

**TRANSMITAL LETTER DRAFT MONITORING REPORT FORMAT—IHBG PROGRAM**

Honorable (Mr./Ms) \_\_\_\_\_  
Chairperson (Executive Director)  
\_\_\_\_\_ Reservation (Housing Authority)  
\_\_\_\_\_  
\_\_\_\_\_

Dear Chairperson(Mr./Ms)\_\_\_\_\_:

**SUBJECT: Draft Monitoring Report for Indian Housing Block Grant Programs**

According to 24 CFR §§1000.528 and .530, a draft monitoring report is enclosed that discusses the performance accomplishments and deficiencies, if any, identified during our review. It also provides recommended corrective actions to address findings and suggestions to address any concerns. Target completion dates for recommended corrective actions will be established in the final report. Please review the draft report and provide any comments or additional information on the draft findings and concerns or the recommended corrective actions and suggestions. Any comments or information should be submitted within 30 days from the receipt of this draft report.

If any comments, additional information, or supporting documentation are received, HUD will evaluate this material and determine if any modifications or revisions should be made to the report before being issued in final form. According to 24 CFR §1000.528, the final report will be issued within 30 days of receipt of your comments on the draft. The final report will include or incorporate any comments received. (A copy of this draft report has been provided to the tribe).

We would like to thank you and your staff for the assistance provided to the HUD team during the review. Our office looks forward to working with you and providing technical assistance to correct or address the identified deficiencies. If you have any questions, please contact \_\_\_\_\_.

Sincerely,

Director  
Grants Evaluation Division

Enclosure  
(cc: \_\_\_\_\_ (tribe))



***(Recipient)***  
***Draft Monitoring Report***  
***(date)***

On \_\_\_\_\_, the \_\_\_\_\_ Office of Native American Programs (ONAP) conducted an on-site performance review of the identified Indian Housing Block Grant (IHBG) programs being implemented by the \_\_\_\_\_. The purpose of the review was to fulfill HUD's statutory obligation under Section 405 of the Native American Housing Assistance and Self-Determination Act (NAHASDA), to review the performance of an IHBG recipient's compliance with the requirements of NAHASDA. It was designed to evaluate your performance in: complying with your Indian Housing Plans (IHP); implementing eligible activities in a timely manner; submitting accurate Annual Performance Reports (APR); and carrying out your programs in accordance with the requirements and primary objectives of NAHASDA, the IHBG program regulations (24 CFR Part 1000), and other applicable laws and authorities. The performance measures at 24 CFR §1000.524 were used to conduct the performance review.

The IHBG programs reviewed were:

The areas reviewed for these programs were:

Environmental Review  
Procurement and Contract Administration  
Labor Standards  
Indian Preference and Non-Discrimination  
Preservation of 1937 Housing Act Units  
Recipient Self-Monitoring  
Indian Housing Plan (IHP) Certifications  
Financial and Management  
Financial Reporting  
Indian Housing Plan (IHP) Compliance

HUD staff who did the review were:

An entrance conference was held on \_\_\_\_\_ with the following tribal/TDHE officials and staff:

The following tribal (TDHE) staff were consulted with or interviewed as part of the review:

An exit conference was held on \_\_\_\_\_ with the following tribal (TDHE) officials and staff:

## ***SUMMARY***

The review identified several significant accomplishments, as well as a total of \_\_\_ findings and \_\_\_ concerns, which are explained fully below. A finding is a deficiency in program performance that represents a violation of a statutory or regulatory requirement. Corrective actions must be taken to address a finding. A concern is a deficiency in program performance that does not constitute a violation of a statutory or regulatory requirement. We have, however, provided suggestions to address these concerns so that you can avoid either a reoccurrence of the problems or ensure that these problems do not develop into something more serious. While you are not required to address the identified concerns, we urge you to do so. The results of our review are as follows.

### ***Significant Accomplishments***

(List & describe)

### ***Environmental Review***

The program regulations at 24 CFR §1000.20(b) state that if a tribe assumes environmental review responsibilities for IHBG program activities, HUD's environmental review and clearance requirements in 24 CFR Part 58 apply. The program regulations at 24 CFR §1000.20(b)(3) also state that funds may not be committed to a grant activity or project before the completion of the environmental review and approval of the request for release of funds, except as allowed under 24 CFR Part 58. These procedures are designed to ensure that a recipient does not limit itself to a particular course of action prior to satisfactorily addressing all applicable environmental considerations that may impact the design and construction of a facility or project.

OR

The program regulations at 24 CFR 1000.20(a) state that if a tribe declines to assume environmental review responsibilities for IHBG program activities, HUD will perform the review according to the provisions of 24 CFR Part 50. In this section, the program regulations state that a HUD review must be completed for any assisted activity not excluded from review under the provisions of 24 CFR §50.19(b) before a recipient may acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds to such activities. These procedures are designed to ensure that a recipient does not limit itself to a particular course of action prior to all applicable environmental considerations that may impact the design and construction of a facility or project.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

## ***Procurement and Contract Administration***

The procurement requirements of 24 CFR §85.36, which are referenced as applicable in the program regulations at 24 CFR §1000.26(a)(11), identify the basic procurement requirements that must be followed during the purchase of supplies, equipment, other property, and services using IHBG funds. There are four basic methods of procurement: small purchase procedures, sealed bids (formal advertising), competitive proposals, and noncompetitive proposals. The type and estimated cost of supplies, equipment, other property, and services being sought typically determines the procurement method used. Procurement by noncompetitive proposals is only permissible when it is not possible to use the other methods of procurement and when one of the circumstances listed in 24 CFR §85.36(d)(4) applies, such as an emergency. The recipient is also required (under 24 CFR §85.36(f)) to perform a cost or price analysis in connection with every procurement action, including contract modifications. The requirements of 24 CFR 85.36(b)(9) require that grantees will maintain records sufficient to detail the significant history of a procurement. These records should include the: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

## ***Labor Standards***

The program regulations at 24 CFR §1000.16 reference the requirements set forth in Section 104(b) of NAHASDA. This section requires that any contract or agreement for assistance, sale, or lease pursuant to the Act contain a provision requiring that all laborers and mechanics employed in the development of the affordable housing projects be paid wage rates not less than those prevailing in the locality as determined by the Department of Labor pursuant to the Davis-Bacon Act. This section also requires that all architects, technical engineers, draftsmen, and technicians employed in such development and all maintenance laborers and mechanics employed in the operation of this housing be paid wage rates not less than those prevailing in the locality as determined or adopted by HUD. Pursuant to these requirements you agreed to comply with a number of statutes, regulations, and related requirements as a condition for receipt of Federal funds, including, but not limited to: Davis-Bacon Act (40 U.S.C. 276a - 276a-5); the Contract Work Hours and Safety Standards Act (40 USC §327-333); the Copeland Act (40 USC §276c); Regulatory Provisions of the U.S. Secretary of Labor (29 CFR Parts 1, 3 and 5); and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs. Advice and direction was provided to all tribes and tribally designated housing entities (TDHEs) in NAHASDA Guidance No. 98-17.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Indian Preference and Non-Discrimination***

The program regulations at 24 CFR §1000.50 require that, to the greatest extent feasible, recipients give preference and opportunities for training and employment to Indians in connection with IHBG grant administration. In addition, §1000.52 requires that to the greatest extent feasible, recipients give preference in the award of contracts to Indian organizations and Indian-owned economic enterprises. Also, the following nondiscrimination requirements are applicable:

- The Age Discrimination Act of 1975 (42 U.S.C.6101-6107)
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)
- The Indian Civil Rights Act (Title II of the Civil Rights Act of 1968)

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Preservation of 1937 Housing Act Units***

Section 102(c)(4)(D) of NAHASDA requires the recipient to identify the manner in which it will protect and maintain the viability of its owned and operated housing inventory which was developed under a contract between HUD and an Indian housing authority pursuant to the United States Housing Act of 1937 (USHA). It is also required under Section 203(a)(2)(b) of NAHASDA, that recipients of IHBG funds who own or operate housing developed under the 1937 Housing Act shall provide for the continued maintenance and efficient operation of such housing.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Recipient Self-Monitoring***

The IHBG program regulations at 24 CFR §1000.502(a) require that the recipient establish an effective system to monitor its grant activities, ensure compliance with applicable Federal requirements, and monitor its IHP performance goals. In accordance with 24 CFR §1000.502(b), if the grant recipient is a TDHE, the grant beneficiary, the tribe, is also responsible for monitoring IHBG compliance requirements by requiring the TDHE to prepare periodic progress reports including the annual compliance assessment, performance, and audit reports.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Indian Housing Plan (IHP) Certifications of Compliance***

Section 102(c)(5) of NAHASDA requires the submission of a Certification of Compliance related to the following IHBG program requirements:

- Compliance with Title II of the Civil Rights Act of 1968
- Maintenance of adequate insurance coverage for housing units that are owned and operated or assisted with grant amounts provided under NAHASDA (pursuant to Section 203(c) of the Act as supplemented by 24 CFR §§1000.136, 138 and 140).

Establishment of policies to govern:

- The eligibility for assistance of families (pursuant to the Sections 203(d) and 201(b) of the Act as supplemented by 24 CFR §§1000.104, 106 and 120)
- The admission of families (pursuant to Sections 205(a)(1)(A) and (B) of the Act as supplemented by 24 CFR §1000.146)
- The continued occupancy of families (pursuant to Sections 203(d) and 207 of the Act)
- Rents or homebuyer payments including the method by which these rents or homebuyer payments are determined (pursuant to Sections 203(a)(1) and (2) of the Act as supplemented by 24 CFR §1000.124-132), and

- The management and maintenance of housing units assisted (pursuant to Section 203(e) of the Act).

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Financial and Fiscal Management***

The program regulations at 24 CFR §1000.26(a) reference the applicability of 24 CFR §85.21 and OMB requirements as set forth in Circular A-87 and the applicability of the audit requirements of OMB Circular A-133 as referenced in §1000.544. The scope of the performance review for financial and fiscal management included funds drawn down, accounting records, internal controls, cash management, budget control, audits, and investments (*only include if recipient approved for investments*).

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

### ***Financial Reporting***

The program regulations at 24 CFR §1000.26(a) reference the applicability of 24 CFR §85.20(b)(1) which requires accurate, current, and complete disclosure of the financial results of financially-assisted activities. Reporting requirements are addressed in NAHASDA Guidance No. 98-04. The Letter of Credit Control System (LOCCS) requires semi-annual reports for certain 1937 Housing Act grants, as well quarterly reports for NAHASDA grants. When progress reports are not submitted as required, LOCCS does not allow funds to be disbursed.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:

## ***Indian Housing Plan Compliance***

The purpose of this portion of the review is to determine the recipient's compliance with the goals and objectives outlined in its 5-year and 1-year IHPs, including the timely implementation of these activities. The review is done in accordance with the IHBG performance measures outlined at 24 CFR §1000.524. The accuracy and completeness of your Annual Performance Report (APR) submissions were also evaluated as part of this review.

During the review, the following documents, information, or procedures were viewed or inspected:

The following conclusions were reached as a result of the review:  
[ADDRESS]

Dear [TRIBAL CHAIRMAN or TDHE CHAIRMAN]:

Subject: Final monitoring report on HUD-assisted programs

On [DATE DRAFT REPORT RECEIVED BY TRIBE OR TDHE], the tribe received the draft monitoring report prepared by our office covering grant programs administered by the [TRIBE OR TDHE]. We have completed the final monitoring report.

The [TRIBE OR TDHE]'s comments and documentation regarding findings and concerns contained in the draft report (copy enclosed) have been included in the final report as follows:

[SUMMARIZE COMMENTS/DOCUMENTATION PROVIDED BY THE RECIPIENT. SPECIFY IF AND HOW THE DRAFT REPORT WAS MODIFIED BASED UPON COMMENTS/DOCUMENTATION RECEIVED.]

### *Alternate third sentence of first paragraph*

No comments were received from the tribe during the 30-day comment period specified in the draft report letter.

Monitoring of the following programs administered by the [TRIBE OR TDHE] has been completed.

[LIST EACH PROGRAM ADMINISTERED BY THE TRIBE OR TDHE, AS APPROPRIATE.]

**Program Successes:** We wish to congratulate the [TRIBE OR TDHE] on the following program successes we identified during monitoring.

[SUMMARIZE PROGRAM SUCCESSES AND BEST PRACTICES IDENTIFIED DURING MONITORING.]

**Findings:** During monitoring, ONAP tentatively identified findings, which were discussed at the exit conference on [DATE] and is providing recommended actions intended to resolve the findings with target dates for their completion. For your information we are summarizing the findings, recommended actions, and target dates below.

[SUMMARIZE EACH FINDING AND PROPOSED RECOMMENDED ACTIONS AND TARGET DATES.]

**Concerns:** During monitoring, ONAP tentatively identified concerns that were discussed at the exit conference on [DATE] and is providing suggested steps you may wish to take to improve your performance. For your information, we are summarizing the concerns and suggestions below.

[LIST ITEMS THAT THE ONAP DOES NOT CONSIDER AS SIGNIFICANT BUT MAY ASSIST THE RECIPIENT TO IMPROVE PROGRAM MANAGEMENT.]

This final monitoring report is considered public information and will be provided to interested parties upon request.

The tribe's participation in HUD grant programs is appreciated. If you or your staff wish to discuss any of the items contained in this report, please feel free to contact [NAME AND PHONE NUMBER OF THE GE SPECIALIST]

Sincerely,

GE Division Director

cc: Tribe (if applicable)

Enclosure: Monitoring Report



**TRANSMITTAL LETTER DRAFT MONITORING REPORT FORMAT—ICDBG PROGRAM**

Honorable (Mr./Ms) \_\_\_\_\_  
Chairperson

\_\_\_\_\_  
\_\_\_\_\_

Dear Chairperson (Mr./Ms) \_\_\_\_\_:

**SUBJECT:** Draft Monitoring Report for Indian Community Development Block Grant Program – Program Number B -

A draft monitoring report is enclosed which discusses the performance accomplishments and deficiencies, if any, identified during our recent review. It also includes recommended corrective actions to address findings and suggestions to address any concerns. Target completion dates for the recommended corrective actions will be established in the final report. Please review this draft report and provide any comments or additional information on the draft findings and concerns or the recommended corrective actions and suggestions. Your comments or information should be submitted within 30 days from the receipt of this draft report.

If any comments, additional information, or supporting documentation are received, HUD will evaluate this material and determine if any modifications or revisions should be made to the report before it is issued in final form. In accordance with HUD policy, the final report will be issued within 30 days from the receipt from you of any comments or information on the draft. The final report will include or incorporate any comments received.

We would like to thank you and your staff for the assistance provided to the HUD team during the review. Our office looks forward to working with you and providing technical assistance to correct or address the identified deficiencies. If you have any questions, please contact \_\_\_\_\_.

Sincerely,

Director  
Grants Evaluation Division

Enclosure

(date)

On \_\_\_\_\_, the \_\_\_\_\_ Office of Native American Programs (ONAP) conducted an on-site performance review of the identified Indian Community Development Block Grant (ICDBG) program being implemented by the \_\_\_\_\_. The purpose of the review was to fulfill HUD's regulatory obligation under Section 1003.700 of the program regulations for the ICDBG Program to review the performance of an ICDBG recipient for compliance with: the requirements of the Housing and Community Development Act of 1974, as amended; the program regulations (24 CFR part 1003); the grant agreement; and, other applicable laws and regulations. In addition, this regulatory section obligates HUD to determine if a recipient has carried out program activities substantially as described in its approved application and if it has made substantial progress in implementing its program.

The ICDBG programs reviewed were:

The areas reviewed for these programs were:

- Environmental Review
- Procurement and Contract Administration
- Indian Preference and Non-Discrimination
- Financial and Fiscal Management
- Financial Reporting
- Compliance with Approved Application
- Program Progress

HUD staff that did the review were:

An entrance conference was held on \_\_\_\_\_ with the following tribal officials and staff:

The following tribal staff were consulted with or interviewed as part of the review:

An exit conference was held on \_\_\_\_\_ with the following tribal officials and staff:

## *SUMMARY*

The review identified several significant accomplishments as well as a total of \_\_\_ findings and \_\_\_ concerns, which are explained fully below. A finding is a deficiency in program performance that represents a violation of a statutory or regulatory requirement. Corrective actions must be taken to address a finding. A concern is a deficiency in program performance that does not constitute a violation of a statutory or regulatory requirement. We have, however, provided suggestions to address these concerns so that you can avoid either a reoccurrence of the problems or ensure that these problems do not develop into something more serious. While you are not required to address the identified concerns, we urge you to do so. The results of our review are as follows.

### *Significant Accomplishments*

(List & describe)

### *Environmental Review*

The program regulations at §1003.605 state HUD's environmental review and clearance requirements in 24 CFR Part 58 apply. These procedures are designed to ensure that a recipient does not limit itself to a particular course of action prior to satisfactorily addressing all applicable environmental considerations that may impact the design and construction of a facility or project.

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

### *Procurement and Contract Administration*

The procurement requirements of 24 CFR §85.36 that are referenced as applicable (and somewhat modified) in the program regulations at §1003.501(a)(13), identify the basic procurement requirements that must be followed during the purchase of supplies, equipment, other property, and services using ICDBG funds. There are four basic methods of procurement; small purchase procedures; sealed bids (formal advertising); competitive proposals; and, noncompetitive proposals. The type and estimated cost of supplies, equipment, other property, and services being sought typically determines the procurement method used. Procurement by noncompetitive proposals is only permissible when it is not possible to use the other methods of procurement and when one of the circumstances listed in 24 CFR §85.36(d)(4) applies, such as an emergency. The recipient is also required (under 24 CFR §85.36(f)) to perform a cost or price analysis in connection with every procurement action, including contract modifications. The requirements of 24 CFR 85.36(9) require that grantees will maintain records sufficient to detail the significant history of a procurement.

These records should include the: rationale for the method of procurement; selection of contract type; contractor selection or rejection; and, the basis for the contract price.

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

#### *Indian Preference and Non-Discrimination*

The program regulations at §1003.510 require that, to the greatest extent feasible, recipients give preference and opportunities for training and employment to Indians in connection with ICDBG grant administration. In addition, this section requires that to the greatest extent feasible, recipients give preference in the award of contracts to Indian organizations and Indian-owned economic enterprises. Also, the following nondiscrimination requirements are applicable:

- The Age Discrimination Act of 1975 (42 U.S.C.6101-6107)
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)
- The Indian Civil Rights Act (Title II of the Civil Rights Act of 1968)

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

#### *Financial and Fiscal Management*

The program regulations at §1003.501 reference the applicability of 24 CFR 85.21 and OMB requirements as set forth in Circular A-87 and the audit requirements of OMB Circular A-133. The scope of the performance review for financial and fiscal management included funds draw down, accounting records, internal controls, cash management, budget control, and audits.

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

*Financial Reporting*

The program regulations at §1003.501 reference the applicability of 24 CFR 85.20 that requires in paragraph (b)(2) accurate, current, and complete disclosure of the financial results of financially assisted activities. When financial reports are not submitted as in a timely manner as required, LOCCS does not allow funds to be disbursed.

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

*Compliance with Approved Application*

The application that was approved by HUD included the following project or activity

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During the review, the following documents, information, or procedures were viewed or inspected

The following conclusions were reached as a result of the review.

*Program Progress*

Each recipient of ICDBG assistance is required to submit a HUD 4125-Implementation Schedule as part of its application for assistance. This schedule becomes part of agreement between the recipient and HUD. An Implementation Schedule may be revised for good cause, but HUD must approve any such revision.

During the review, the following documents, information, or procedures were viewed or inspected.

The following conclusions were reached as a result of the review.

**TRANSMITTAL FINAL MONITORING REPORT – ICDBG PROGRAM**

[ADDRESS]

Dear [TRIBAL CHAIRMAN]:

Subject: Final Monitoring Report on Indian Community Development Block Grant (ICDBG) Program – Program No. B-

On [DATE DRAFT REPORT RECEIVED BY TRIBE], the tribe received the draft monitoring report prepared by our office covering grant programs administered by the [TRIBE]. We have completed the final monitoring report.

The [TRIBE]'s comments and documentation regarding findings and concerns contained in the draft report have been included in the final report as follows:

[SUMMARIZE COMMENTS/DOCUMENTATION PROVIDED BY THE RECIPIENT. SPECIFY IF AND HOW THE DRAFT REPORT WAS MODIFIED BASED UPON COMMENTS/DOCUMENTATION RECEIVED.]

*Alternate Third sentence of first paragraph*

No comments were received from the tribe during the 30-day comment period specified in the draft report letter.

Monitoring of the following programs administered by the [TRIBE] has been completed. [LIST EACH PROGRAM ADMINISTERED BY THE TRIBE.]

**Program Successes:** We wish to congratulate the [TRIBE] on the following program successes we identified during monitoring. [SUMMARIZE PROGRAM SUCCESSES AND BEST PRACTICES IDENTIFIED DURING MONITORING.]

**Findings:** During monitoring, ONAP tentatively identified findings, which were discussed at the exit conference on [DATE] and is providing recommended actions intended to resolve with target dates for their completion. For your information we are summarizing the findings, recommended actions, and target dates below. [SUMMARIZE EACH FINDING AND PROPOSED RECOMMENDED ACTIONS AND TARGET DATES.]

**Concerns:** During monitoring, ONAP tentatively identified concerns that were discussed at the exit conference on [DATE] and is providing suggested steps you may wish to take to improve your performance. For your information we are summarizing the concerns and suggestions below. [LIST ITEMS THAT THE ONAP DOES NOT CONSIDER AS SIGNIFICANT BUT MAY ASSIST THE RECIPIENT TO IMPROVE PROGRAM MANAGEMENT.]

This final monitoring report is considered public information and will be provided to interested parties upon request.

*TRANSMITTAL FINAL MONITORING REPORT – ICDBG PROGRAM*

The tribe's participation in the ICDBG program is appreciated. If you or your staff wishes to discuss any of the items contained in this report, please feel free to contact [NAME AND PHONE NUMBER OF THE GE SPECIALIST]

Sincerely,

GE Division Director

Enclosure: Final Monitoring Report

*MONITORING LOG*

ENTITY	RE- MOTE	FIELD VISIT ENDED	DRAFT REPORT ISSUED	REPLY DUE	REPLY REC.	FINAL REPORT ISSUED	FINDINGS	TARGET DUE DATE	DATE CLOSED	DAYS LATE	GES	COMMENTS
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