ABOUT US

The Institute for Building Technology and Safety is a 501(c)(3) nonprofit organization established to provide unbiased professional services, while enhancing the communities in which we work.

public sector accountability

private sector flexibility
EFFECTIVE GRANT MANAGEMENT - HOW WE DO MORE WITH LESS
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- Entitlement Funds and CDBG/HOME Programs
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- Comply with Planning Requirements of Funder
EFFECTIVE GRANT MANAGEMENT - HOW WE DO MORE WITH LESS

- Entitlement Funds and CDBG/HOME Programs
- Customized & Locally Relevant Programs
- Comply with Planning Requirements of Funder
- Assessing Subrecipients Capacity Prior to Funding
EFFECTIVE GRANT MANAGEMENT
- HOW WE DO MORE WITH LESS

- Entitlement Funds and CDBG/HOME Programs

- Customized & Locally Relevant Programs

- Comply with Planning Requirements of Funder

- Assessing Subrecipients Capacity Prior to Funding

- Reporting Requirements for Funder
EFFECTIVE GRANT MANAGEMENT
- HOW WE DO MORE WITH LESS

- Entitlement Funds and CDBG/HOME Programs
- Customized & Locally Relevant Programs
- Comply with Planning Requirements of Funder
- Assessing Subrecipients Capacity Prior to Funding
- Reporting Requirements for Funder
- Implementing an Effective Compliance Monitoring Process
EFFECTIVE GRANT MANAGEMENT - HOW WE DO MORE WITH LESS

- Entitlement Funds and CDBG/HOME Programs
- Customized & Locally Relevant Programs
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- Assessing Subrecipients Capacity Prior to Funding
- Reporting Requirements for Funder
- Implementing an Effective Compliance Monitoring Process
- Capacity Building Assistance with Low Performing Subrecipients
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How can a CDBG program run with the biggest bang while having reduction in work and meeting all CDBG objectives?
Finding funding projects that can either meet the Limited Clientele or removal of an architectural barrier standards.

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CHDO regulation states,

“While proceeds that the participating jurisdiction permits the community housing development organization to retain are not subject to the requirements of this part, the participating jurisdiction must specify in the written agreement with the community housing development organization whether the proceeds are to be used for HOME-eligible activities or other housing activities to benefit low-income families”
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Customized & Locally Relevant Programs
The main point, which can often be the hardest to avoid, is to not get stuck in the CDBG rut.
Be comfortable with utilizing industry professionals to help support the community goals.
Find out what is really important to the community.

Find someone who knows both the community and has extensive CDBG knowledge, someone who can help find creative ways to get the project eligible.
Example of this practice:

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Customized & Locally Relevant Programs
Comply with Planning Requirements of Funder
Planning and compliance requirements should begin long before grant is received.
Comply with Planning Requirements of Funder

- If grant funds directly affect home or business owners, are these individuals eligible to receive these funds?
- Does this project/program meet national objectives?
Forecast the level of effort and special requirements needed to implement the grant.

Comply with Planning Requirements of Funder
Every funder has differing requirements from it’s grantees; awareness of the specific requirements for executing these grant funds is essential.
Comply with Planning Requirements of Funder
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Comply with Planning Requirements of Funder

Audit Report Number: 2016-LA-1008
Date: August 26, 2016
The Dolores Frances Affordable Housing Project, Los Angeles, CA, Was Not Administered in Accordance With Its Regulatory Agreement and HUD Requirements

Highlights

What We Audited and Why
We audited the Dolores Frances Affordable Housing project, based on a citizen complaint and a suggestion from the U.S. Department of Housing and Urban Development’s (HUD) Departmental Enforcement Center. The complaint alleged nonpayment of HUD utility allowances and security deposits, mismanagement of the maintenance department, related parties hired in supervisory positions, and conflict-of-interest vendor contracts by the related party of Dolores Frances (Pico Union Housing Corporation). Our audit objective was to determine whether Dolores Frances was administered in accordance with HUD rules and requirements.

What We Found
The allegations stated in the complaint were generally unsubstantiated and had no merit. However, Dolores Frances was not administered in accordance with HUD requirements. The project made ineligible payments of $531,186 for expenses that were not reasonable and necessary for the operation of the project. In addition, Dolores Frances inappropriately secured more than $10.9 million in unsupported loans that encumbered the properties of the project without HUD approval. These actions increased the project’s risk of mortgage default.

What We Recommend
We recommend that the Acting Director of HUD’s Los Angeles Office of Multifamily Housing Programs require the owners of Dolores Frances to (1) stop disbursing project funds for ineligible social services fees and reimburse the project $300,000, (2) reimburse the project for $74,784 in consulting fees and $18,178 in fees charged by the management agent that were ineligible, (3) reimburse the project for $114,000 in ineligible legal fees, (4) provide documentation to support HUD’s approval for the loan between Dolores Frances and Pico Union for more than $6.3 million and how the funds were used or remove the loan and associated encumbrance from the project, (5) provide documentation to support that the loan between Dolores Frances and Alliant for more than $4.5 million was approved by HUD or remove loan and any associated encumbrance from the project, and (6) implement controls to ensure that management and ownership follow the project’s policies and procedures, the regulatory agreement, and HUD program requirements. We also recommend that the Director of the Departmental Enforcement Center pursue civil and administrative remedies, as appropriate, against the owners of Dolores Frances.
- Planning and compliance requirements should begin long before grant is received.
- If grant funds directly affect home or business owners, are these individuals eligible to receive these funds?
- Does this project/program meet national objectives?
- Forecast the level of effort and special requirements needed to implement the grant.
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Comply with Planning Requirements of Funder
Assessing Subrecipients Capacity Prior to Funding
Create a non-biased scoring matrix.

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Provide a FRQ for interested not-for-profits.
After RFQ’s have been submitted, designate an administrative person/staff to verify the all RFQs submitted complies with requirements.

Develop internal review notes and enter all information, including the RFQ submitted, into the scoring matrix.
It is common to request oral presentations from the highest scoring applicants. These firms are again scored utilizing the matrix developed and the highest scoring firm is awarded the grant.
Inspector General Audit Letter

St. John the Baptist Parish, State of Louisiana’s Subrecipient
Community Development Block Grant Disaster Recovery Assistance Funds

Office of Audit, Region 6
Fort Worth, TX

Audit Report Number: 2016-FW-1006
August 31, 2016

Assessing Subrecipients Capacity Prior to Funding
Inspector General Audit Letter

Auditor Report Number: 2016-FW-1006
Date: August 31, 2016

The State of Louisiana’s Subrecipient Did Not Always Comply With Its Agreement and HUD Requirements When Administering Its Disaster Assistance Programs

Highlights

What We Audited and Why
We audited the State of Louisiana, Office of Community Development’s disaster assistance programs, administered by the State’s subrecipient, St. John the Baptist Parish, as part of our annual audit plan to review disaster assistance programs under the 2013 Disaster Relief Appropriations Act. Our objective was to determine whether the Parish, as the State’s subrecipient, met the requirements of its agreement with the State and followed U.S. Department of Housing and Urban Development (HUD) requirements related to its program participant, procurement, and expenditure activities when administering its disaster assistance programs.

What We Found
The Parish, as the State’s subrecipient, did not always meet the requirements of its agreement and follow HUD requirements when administering its disaster assistance programs, as it (1) did not always ensure that its contractor had adequate documentation to support the eligibility of disaster assistance program participants, (2) violated procurement requirements when it did not perform an independent cost estimate for one contract, and (3) did not maintain detailed information regarding time worked on disaster projects to support salary expenditures. This condition occurred because the State’s onsite reviews did not address all program areas and its administrative manual did not include guidance for all contract types. In addition, the Parish did not have consistent program policies and procedures, understand procurement requirements, and have adequate procurement and written expenditure policies. As a result, the State could not provide reasonable assurance to HUD that the Parish properly administered and spend Community Development Block Grant disaster assistance funds in accordance with requirements, putting at least $5.3 million obligated for the disaster assistance programs at risk of mismanagement, and paid more than $1.5 million in questioned costs.

What We Recommend
We recommend that HUD require the State to develop and implement written procedures and actions that would correct and prevent the deficiencies outlined in the finding to better ensure that the Parish spends at least $5.3 million in accordance with requirements. We also recommend that HUD require the State to (1) ensure that the Parish supports program participant eligibility, review the remaining 293 program participant files for eligibility, and support or
Create a non-biased scoring matrix.

Provide a FRQ for interested not-for-profits.

After RFQ’s have been submitted, designate an administrative person/staff to verify the all RFQs submitted complies with requirements.

Develop internal review notes and enter all information, including the RFQ submitted, into the scoring matrix.

It is common to request oral presentations from the highest scoring applicants. These firms are again scored utilizing the matrix developed and the highest scoring firm is awarded the grant.
Reporting Requirements for Funders
Every grant funder will have differing compliance and reporting requirements.
Reporting Requirements for Funders

- Fully understand the reporting and compliance expectations associated with your specific grant funds.
- Construct a grant compliance matrix once community is comfortable that all reporting requirements, forms, certifications, and deliverables have been identified.
Create electronic file folders on a cloud based database to store all deliverables based on the compliance matrix.
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Assign a project coordinator to facilitate the proper collection and tracking of all deliverables.
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Implementing an Effective Compliance Monitoring Process
Proper *(IMPROPER)* oversight of the grant administration is the greatest risk in grant implementation.
The HUD Inspector General’s office reviews these activities for HUD funded grants.
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- Review and approve grant administrator’s operating and QA/QC plans prior to beginning.
Designate a representative from community staff to conduct daily interface with grant administrator and report progress. This may be a staff augmentation role.
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Agree upon reporting frequency and content with grant administrator.
Implementing an Effective Compliance Monitoring Process

Instituting solid processes and systems, like what has been outlined, are the backbone to compliance throughout the grant lifecycle.
Implementing an Effective Compliance Monitoring Process

Inspector General Audit Letter

Municipality of Bayamon, PR
Emergency Shelter and Emergency Solutions Grants

Office of Audit, Region 4
Atlanta, GA
Audit Report Number: 2016-A1-1012
August 29, 2016
Implementing an Effective Compliance Monitoring Process

Inspector General Audit Letter

Municipality of Bayaman: Emergency Shelter and Emergency

Audit Report Number: 2016-AT-1012
Date: August 29, 2016
The Municipality of Bayaman, PR, Did Not Always Ensure Compliance With HUD Program Requirements

Highlights

What We Audited and Why
We audited the Municipality of Bayaman’s Emergency Shelter Grants and Emergency Solutions Grants programs. We selected this auditee based on congressional and hotline complaints alleging that the Municipality improperly used Emergency funds to transport people from Puerto Rico to mainland U.S. cities to receive rehabilitation treatment. Our main audit objectives were to determine whether allegations included in the complaints had merit and whether the Municipality’s Emergency programs were administered in compliance with the U.S. Department of Housing and Urban Development’s (HUD) requirements.

What We Found
Although the Municipality assisted in the transportation of persons from Puerto Rico to mainland U.S. cities to receive treatment, HUD funds were not used to pay for the transportation costs of the participants. However, the Municipality improperly used Emergency funds to pay for travel costs of employees who went to mainland U.S. cities to follow up on clients. The Municipality’s financial management system did not properly identify the source and application of more than $1.14 million in Emergency funds and allowed the use of more than $189,000 for ineligible expenditures. In addition, it did not support the eligibility of more than $38,000 in program charges and reported inaccurate information in HUD’s information system. As a result, HUD lacked assurance that funds were adequately accounted for, safeguarded, and used for requested and eligible purposes and in accordance with HUD requirements.

What We Recommend
We recommend that the Director of the San Juan Office of Community Planning and Development require the Municipality to (1) complete the implementation of the new accounting system in accordance with HUD requirements, (2) submit all supporting documentation showing the eligibility and propriety of $989,851 in Emergency funds, and (3) reimburse its program $189,227 from non-Federal funds in ineligible expenditures.
Implementing an Effective Compliance Monitoring Process
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Inspector General Audit Letter

The State of Connecticut Did Not Always Comply With Community Development Block Grant Disaster Recovery Assistance Requirements

Audit Report Number: 2017-BO-1001
Date: October 12, 2016

What We Audited and Why
We audited the Community Development Block Grant Disaster Recovery (CDBG-DR) assistance grant provided to the State of Connecticut by the U.S. Department of Housing and Urban Development (HUD) to monitor the expenditures of CDBG-DR funds as required by the Disaster Relief Appropriations Act. Additionally, the State was ranked first in a risk assessment of the five New England Hurricane Sandy grantees. The audit objective was to determine whether the State complied with CDBG-DR requirements for its Owner Occupied Rehabilitation and Rebuilding (rehabilitation) and Owner Occupied Reimbursement (reimbursement) programs.

What We Found
The State did not always comply with CDBG-DR requirements for its rehabilitation and reimbursement programs. Specifically, procurements were not always executed in accordance with HUD requirements. The State also did not always support the low- and moderate-income national objective. Further, not all costs were eligible because the State did not always complete environmental reviews in accordance with requirements. In addition, the State did not always properly support and calculate the unmet need of homeowners. This condition occurred because the State had inadequate controls for its rehabilitation and reimbursement programs. As a result, more than $2.4 million in CDBG-DR funds was ineligible, and more than $13.5 million was unsupported. Further, HUD did not have assurance that all environmental hazards were appropriately identified and addressed or that low- and moderate-income information reported by the State in HUD's Disaster Recovery Grant Reporting (DRGR) system was accurate.

What We Recommend
We recommend that HUD instruct State officials to (1) repay from non-Federal funds or support that the more than $13.3 million awarded for architect, engineer, and construction management services contracts was fair and reasonable; (2) repay from non-Federal funds the $316,850 in payments made for services outside the scope of work for seven contracts; (3) repay from non-Federal funds or support that $227,138 in funds awarded met the low- and moderate-income national objective; (4) repay from non-Federal funds more than $2.1 million in ineligible CDBG-DR funds spent without the notice of intent and request for release of funds being published; and (5) strengthen program controls over procurement, contract scope of work, national objective documentation, environmental review determinations, and unmet need determinations.
Proper \textit{(IMPROPER)} oversight of the grant administration is the greatest risk in grant implementation.

- The HUD Inspector General’s office reviews these activities for HUD funded grants.
- Review and approve grant administrator’s operating and QA/QC plans prior to beginning.
- Designate a representative from community staff to conduct daily interface with grant administrator and report progress. This may be a staff augmentation role.
- Agree upon reporting frequency and content with grant administrator.
- Instituting solid processes and systems, like what has been outlined, are the backbone to compliance throughout the grant lifecycle.

Implementing an Effective Compliance Monitoring Process
Capacity Building Assistance of Low Performing Subrecipients
Subrecipients should be scored based upon capacity thresholds.
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Increase threshold by 15%, then monitor closely
If Subrecipient can not successfully execute the project, mentor Subrecipient to help determine root causes of performance issues.
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- What could be the cause for a subrecipient's lack of performance?
QUESTIONS?