

APPENDIX K

Office of Community Development 2020 Annual Compliance and Monitoring Plan

State of Louisiana Certification Checklist

Prepared by
Louisiana Office of Community Development



Office of Community Development
2020 Annual Compliance and Monitoring Plan

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1. Background

Historically, hurricanes, floods, and tornados have been some of the deadliest, most costly disasters to hit the State of Louisiana. To aid with both the recovery from these events as well as mitigation for future events, the U.S. Congress appropriated Community Development Block Grant (CDBG) funds for the State of Louisiana through various public laws. The Office of Community Development (OCD) is tasked with administering these CDBG Disaster Recovery (DR) and Mitigation (MIT) funds through various housing, economic development, planning, and infrastructure programs as described within each Disaster Recovery Action Plan and Action Plan amendment.

At present, OCD has the following grant appropriations open and ongoing:

<u>Grant:</u>	<u>Appropriation Code:</u>	<u>Event:</u>
B-06/08-DG-22-0001/02/03	2005 KRW	Hurricanes Katrina and Rita
B-08-DI-22-0001	2008 IKE	Hurricanes Gustav and Ike
B-13-DS-22-0001	2013 SDY	Hurricane Isaac
B-13-DS-22-0002	2013 NDR	National Disaster Resilience
B-16-DL-22-0001	2016 LTW	The Great Floods of 2016

Grantees are responsible for carrying out their programs to meet these compliance requirements, including monitoring their project administrators, contractors, and subcontractors. The U.S. Department of Housing and Urban Development (HUD) requires monitoring and evaluation of recipient performance and compliance with CDBG-DR/CDBG-MIT program, statutory, and regulatory requirements. CDBG regulation 24 CFR 570.501(b) states that:

“[The grantee] is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, Subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under Subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise...”¹

The monitoring process has three primary objectives:

- *First*, it is a process to gauge the overall program progress and effectiveness of the contractors, State Grantees, Local Grantees and/or Subrecipients, as applicable, in meeting the program objectives, goals and requirements articulated in the Binding Agreement(s).
- *Second*, it serves as a management tool to identify issues that may compromise program integrity, funding, and/or service delivery for corrective action and resolution.

¹ **Managing CDBG** A Guidebook for Grantees on Subrecipient Oversight, Chapter 5-2

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- *Third*, it serves as a Technical Assistance (TA) tool to identify areas in which to program capacity and quality of service delivery can be strengthened.

Monitoring as an activity is designed to ensure that programs are operating efficiently and effectively and that CDBG-DR funds are being used appropriately. Monitoring may occasionally identify situations in which certain activities or the absence of certain activities raise an issue of concern or violate program or statutory requirements. A **Finding** of deficiency (“Finding”) is reported when there is evidence that a statute, regulation, or requirement has been violated. If compliance is not possible, monetary or administrative sanctions may be imposed upon the Grantee, OCD, or both. A **Concern** is a deficiency in program performance—generally based on program design or operations—when, in OCD’s judgement, the practice could, if not corrected, result in noncompliance with a statutory, regulatory, or program requirement.

OCD’s standardized Annual Monitoring Plan allows program monitoring to be tailored for monitoring any programs or projects directly implemented by any Subrecipient, State, or Local Grantee (Parish or municipality). The Plan utilizes checklists which do include compliance areas applicable to all program/project types; however, all sections of the checklists may not apply to every program or project. Guidance related to the topics covered within each of the Monitoring Tools (Checklists) can be found in the OCD CDBG-DR Administrative Manual (“Admin Manual”).

The Admin Manual can be accessed via website at the following link:

<https://www.doa.la.gov/Pages/OCD/DRadminManual.aspx>

2. Terminology

The following terms are used throughout this document:

1. **Binding Agreement** – An agreement that, pursuant to state and HUD regulations, obligates the parties to expend or distribute federal funds and undertake responsibilities as set forth in the agreement. For the purposes of this monitoring plan, Binding Agreements include Cooperative Endeavor Agreements, Interagency Agreements, and Contracts with procured agencies, commercial concerns, or Program Beneficiaries.

Community Development Block Grant (CDBG) – Type of grant provided through HUD to address a wide range of community development needs.

Compliance and Monitoring (C&M) – The OCD department tasked with performing all compliance and monitoring activities.

Compliance and Monitoring Review - The monitoring of any direct Subrecipient, State or Local Grantee implementing a CDBG-DR program or project.

Compliance Manager – The lead member of the C&M Team who is responsible for ensuring adequate monitoring occurs for OCD programs agency-wide.

Compliance Monitor – The C&M staff who conducts C&M field reviews and desk reviews for all OCD programs and projects.

Contract Administrator – The individual responsible for ensuring that services outlined in the contract are performed adequately, within a specific time frame, and within budget.

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Contractor – An entity competitively selected to provide clearly-specified goods or services. The contract price is established through the procurement process. CDBG funds are paid to the contractor as compensation for the satisfactory provision of the goods and services as specified in the contract.

Cooperative Endeavor Agreement (CEA) – A Binding Agreement between a State Agency and another State Agency, Local Entity, or Non-profit group.

Desk Review – C&M activities completed remotely in the OCD office.

Direct Subrecipient – A public or private nonprofit agency, authority, or organization that is provided CDBG-DR funds from OCD for use in carrying out agreed-upon eligible activities.

Disaster Recovery Community Development Block Grant (CDBG-DR) – Supplemental funding appropriated by Congress in response to disasters in the form of CDBG Disaster Recovery assistance.

Grantee – The non-federal entity that has a binding agreement in place with OCD to administer the Disaster Recovery CDBG program(s) and/or project(s).

Interagency Agreement (IA) – A Binding Agreement entered into by two State Agencies.

Lead Compliance Monitor – The C&M staff person assigned to manage monitoring activities for assigned C&M reviews.

Level 1 Monitoring – Monitoring of Contractors, Grantees and/or direct Subrecipients.

Level 2 Monitoring – Monitoring performed by Grantees or Subrecipients.

Local Grantee – The local parish or city receiving CDBG funds directly from OCD.

Monitored Entity – The State Agency, OCD Department, Contractor, Local Grantee (Parish/Municipality), or other non-federal entity that is evaluated during a monitoring review.

OCD – Denotes the State of Louisiana Division of Administration, Office of Community Development / Disaster Recovery Unit.

Onsite Review – C&M activities completed onsite at a Monitored Entity's office or facility.

Process Lead – The C&M staff person who manages and updates the Annual Monitoring Plan and Internal Procedures, and training of Compliance Monitors.

Program Manager – The OCD staff individual tasked with managing the day-to-day activities for a specific Disaster Recovery Grant Program/Project. The Program Manager is an Analyst or Specialist that reports to the State Program Manager (SPM) over a specific Program.

Project – The housing, infrastructure, mitigation, economic development, or planning endeavor undertaken by the Grantee.

Scheduler – The C&M staff person that produces the annual risk assessments and creates and distributes the quarterly C&M schedule.

Senior Compliance Monitor – The C&M staff individual that provides technical assistance to Compliance Monitors and manages the completion of C&M activities.

State Program Manager (SPM) – The individual designated by OCD to manage and administer a particular Disaster Recovery Grant Program.

Subrecipient – A public or private nonprofit agency, authority, or organization that is allocated CDBG funds for use in carrying out agreed-upon eligible activities.

U.S. Department of Housing and Urban Development (HUD) – The federal agency providing administration and oversight of CDBG funding.

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3. Methodology

OCD's monitoring strategy includes the use of desk reviews and onsite reviews by C&M staff. During the reviews, the C&M staff may review program, project, contractor, or Grantee/Subrecipient documentation to draw conclusions about the Monitored Entity's performance and validate the Monitored Entity's capacity to complete the program(s) in a timely, efficient, economical, and effective manner.

The monitoring process is conducted based upon priority, which is primarily determined by the results of an annual Risk Assessment. The Compliance Manager and Scheduler prioritize the entities based upon the most current information and staffing resources available, and this prioritization is utilized to generate the monitoring schedule. Additional entities may be added to the monitoring schedule to accommodate changing monitoring priorities.

Overall long term goals across all programs for the C&M team include the performance of a Core Review for all Grantees/Subrecipients that have not undergone a Core Review in the past five years. (Grantees that have not yet undergone a Core Review at all will generally be prioritized over those that have had a Core Review in the past, but just not recently.)

Also of note is that rollout of monitoring for the FEMA Public Assistance (PA) Match Infrastructure program began in 4th quarter of 2019. The FEMA PA Match program is an infrastructure program appropriated for the Great Floods of 2016 (2016 LTW). Monitoring of the FEMA PA program will continue in 2020 and prioritization/scheduling will be informed by the process outlined in Section 3.1 below, the program's monitoring strategy, and any specific risks or program characteristics identified during the initial reviews.

Note: Prior to Quarter 3 of 2018, Economic Development projects were monitored by the OCD Economic Development staff. The DRU Director of Programs approved and signed the Notification, Monitoring Report and Corrective Action Letters for the projects monitored by the Economic Development staff. Postdate, Economic Development projects are monitored by OCD C&M..

3.1 Overall Approach — Risk Assessment, Monitoring Schedule, and Sample Selection

3.1.1 Grantee/Subrecipient Risk Assessment

C&M reviews 100% of OCD's Grantees/Subrecipients over the life of the CDBG program. The priority of each review is determined through the Grantee/Subrecipient Risk Assessment, which is performed annually. The specific criteria used in the performance of the Risk Assessment are outlined in Table 1 below. The data utilized to generate the analytics for the criteria is derived from the Disaster Recovery Grants Reporting System ("DRGR"). While the results of the risk assessment is the primary driver to determine prioritization, input from OCD's finance, closeout, program management, and support staff can also be taken into consideration as factors.

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Table 1 Grantee/Subrecipient Risk Assessment Criteria

Criteria	Description	High Risk	Medium Risk	Low Risk
Funding (Weighted 0.5%)	Grantee's total amount of funds awarded from all combined CDBG allocations.	7 Points	5 Points	3 Points
		\$1,000,000+	\$500,000 - \$999,000	Less than \$500,000
Number of Projects (Weighted 20%)	The number of approved projects.	7 Points	5 Points	3 Points
		20+ Projects	11-19 Projects	10 or Fewer Projects
Percent Expended (Weighted 0.5%)	Grantee's percentage of total funds expended to total funds awarded from all combined CDBG-DR allocations.	7 Point	5 Points	1 Point
		21-40%	41-80%	81-100% (0-20% = 0 Points)
Past Monitoring History (Weighted 70%)	The Grantee's past compliance review history of federally funded programs.	7 Point	5 Points	3 Point
		No past monitoring	Evidence of prior monitoring above the prior year	Evidence of prior monitoring within the current or prior year

High Risk: More than 5 Points Medium Risk: 3-5 Points Low Risk : Less than 3 Points

3.1.2 C&M Monitoring Schedule

The C&M Monitoring Schedule is generated and published on a quarterly basis and identifies the following: (1) Grantees/Subrecipients to be monitored; (2) Projects and staff assignments for each review to be conducted; (3) Proposed visit dates; and (4) Type/Method of review (desk or onsite).

The priority of reviews are based upon the results of the most recent Grantee/Subrecipient Risk Assessment—those Grantees/Subrecipients identified as having the highest relative risk are considered priority. While the results of the risk assessment is the primary driver to determine prioritization, input from OCD's finance, closeout, program management, and support staff can also be taken into consideration as factors by the C&M Manager.

The quarterly C&M schedule is created through the following steps:

1. The annual Grantee/Subrecipient Risk Assessment is generated based upon analytics and criteria established in Section 3.1.1.
2. The total population of Grantees/Subrecipients is prioritized by specific thresholds and high-risk factors.
3. The Project / Program Population is defined according to the following section. (Section 3.1.2).
4. A sample of projects is selected to review for the Grantee/Subrecipient according to the Project Selection Form (Exhibit 3).
5. Schedule quarterly C&M reviews according to staff resources and publish schedule to internal OCD staff.

Note: C&M review activities are considered complete for each Grantee/Subrecipient when all of the following conditions are met:

1. 100% CEAs have been reviewed;
2. 100% of all activities (i.e. Housing, Infrastructure, Economic Development, Planning, Administrative) have been reviewed;
3. 75% total projects have been reviewed; and,

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4. *All CDBG funding is 100% expended prior to the last C&M review conducted.*

Reviews are grouped by Grantee/Subrecipient to minimize the number of visits throughout the year. The Grantee/Subrecipient is monitored (using the Core Checklist) either prior to or simultaneously with the monitoring of their respective projects and/or programs.

Additional reviews of projects and/or programs requiring follow-up review and/or outstanding corrective actions identified in prior reviews generally take precedence over those that do not have outstanding issues to be addressed. Any individual risks imposed by a particular project or program are also taken into account when scheduling additional reviews or determining review frequency overall.

3.1.3 Project Population Definition and Sample Selection

Defining the Project Population — In order to ensure that there is sufficient activity associated with a particular project to warrant a review, C&M limits the total population to those projects for which 25% or more funds at a minimum have been expended. For any given review cycle, the C&M Manager may employ additional criteria to either limit or expand the total project population for a particular Grantee/Subrecipient. In these cases, the rationale for inclusion or exclusion of a certain project or group of projects in the population is documented accordingly.

Sample Selection — The Scheduler initiates the project sample selection process by providing the total project population to the Program Manager assigned to that particular Grantee/Subrecipient. The Program Manager completes the Project Selection Form by identifying additional information that may inform or justify the sample selection. The Program Manager then remits the completed form back to the Scheduler, and the Scheduler then selects a sample of projects to be reviewed using the following methodology:

1. Number of Projects
 - a. If five or fewer projects are within the total monitoring population, two projects are selected for review.
 - b. If six or more projects are within the total monitoring population, three projects are selected for review.

Note: Typically no more than three projects are reviewed during any singular monitoring review, unless associated stakeholders agree on timing and staff availability.

2. Project Types
 - c. A diverse cross-section of project types—i.e. infrastructure, housing, planning, and economic development—that meets the expenditure threshold should be selected for review to ensure a representative sample selection of activities.
 - d. Projects that include higher risk activities—construction, acquisition, relocation, etc.—should be included in the sample as applicable.
 - e. All grant allocations are included within the sample.
 - f. Projects implemented by an entity without a contractual relationship with OCD (i.e. a Grantee's Subrecipient) are not be included within the Project Sample. While identified

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on the C&M schedule, the Subrecipient management of these projects are sampled and reviewed as part of the Monitored Entity's Core review.

Program Managers may request that additional projects be included to the sample selection. However, no more than three projects are to be reviewed during a singular review. The Scheduler provides justification for each project's inclusion in the sample, and the C&M Manager approves the project sample prior to the Lead Compliance Monitor sending the Notification Letter. If additional projects need to be reviewed, the Program Manager can always request that an additional review be included in the subsequent or follow-up review cycle.

If projects that fall outside of the threshold used to limit the project total population are added, the population size is adjusted accordingly. For example: If five projects are over the 25% funds-expended population, two would be reviewed. If the Program Manager would like to add an additional project that is under the 25% funds-expended threshold, the total population would increase to six, so three projects would be reviewed.

The project sample should, to the extent feasible, include different project selections for each Grantee/Subrecipient review performed. The following exceptions should be noted:

1. Any project that is monitored and results in a high number of unresolved findings and/or concerns has a higher probability of being included within subsequent reviews.
2. Projects selected through random sampling may be replaced in cases wherein the projects either have not started or have not reached defined milestones within the life of the project.

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3.2 Executing the Monitoring Review

The steps illustrated in the diagram below and described in the subsequent sections provide the high-level process for executing a C&M review. Details for the process are provided in the C&M Internal Procedures and Process Flow. The roles and responsibilities associated with these steps are described within Section 4, Monitoring Roles and Responsibilities. The completion of C&M activities are tracked and reported using the C&M Monitoring Tracker.

Schedule Review	<ul style="list-style-type: none"> • Lead Monitor Schedules the Review with the Monitored Entity • Lead Monitor Schedules the Pre-Monitoring Conference Call
Pre-Monitoring Conference	<ul style="list-style-type: none"> • Lead Monitor Conducts a Conference Call with the Monitored Entity • Questions Regarding High Risk Activities are Addressed • Logistics are Confirmed
Monitoring Preparation (Phase I)	<ul style="list-style-type: none"> • Compliance Monitor Completes Monitoring Preparation Section of Checklists • Documentation Uploaded to ePortal • Identify Missing Documentation and Scope of Review
Send Monitoring Notification	<ul style="list-style-type: none"> • Lead Monitor Drafts Letter • Senior Monitor Reviews and Edits Letter • C&M Manager Approves and Signs Letter
Monitoring Preparation (Phase II)	<ul style="list-style-type: none"> • Compliance Monitor Completes Initial Execution of Checklists • Compliance Monitor Selects Contractor and Expenditure Sample • Lead Monitor Coordinates Internal Prep Meeting
Execute Review	<ul style="list-style-type: none"> • Compliance Monitor Fully Executes Checklists • Senior Monitor Approves Checklists and Verifies Determinations Against Support Documentation
Round Table Discussion	<ul style="list-style-type: none"> • Lead Monitor Executes Monitoring Report Form • Lead Monitor Coordinates C&M Internal Round Table Discussion • C&M Manager Approves Compliance Determinations and Corrective Actions
Send Monitoring Letter	<ul style="list-style-type: none"> • Lead Monitor Drafts Letter • Senior Monitor Reviews and Edits Letter • C&M Manager Approves and Signs Letter
Follow Up on Corrective Actions	<ul style="list-style-type: none"> • Lead Monitor Follows Up with Grantee until Corrective Actions are Cleared • Lead Monitor Drafts Corrective Actions Letter • Senior Monitor Verifies Completion of Monitoring Activities and Reviews and Edits Letter • C&M Manager Approves and Signs Letter

3.2.1 Schedule Review

Once the C&M schedule has been issued, the Lead Monitor contacts the Monitored Entity to confirm availability for the review according to the visit date indicated on the monitoring schedule. Once confirmed, the Lead Monitor schedules the Pre-Monitoring Conference with the Monitored Entity.

3.2.2 Conduct Pre-Monitoring Conference

The Pre-Monitoring Conference is coordinated by the Lead Monitor and conducted as a conference call. Required attendees of the conference are the Compliance Monitor(s), Senior Compliance Monitor assigned to the review and the Monitored Entity. Additional attendees may include the consultant for the Monitored Entity, the C&M Manager and the Program Manager.

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The goal of the Pre-Monitoring Conference is to introduce the Monitored Entity to the C&M monitoring team and to ensure the Monitored Entity understands the process, purpose, and scope of the review. The Lead Monitor also confirms all logistical information for the review, requests documents needed to prepare for the review, and determines if reviews originally scheduled as a desk review should be converted to an onsite review.

3.2.3 Pre-Notification Monitoring Preparation (Phase I)

Once the Pre-Monitoring Conference is conducted, the Compliance Monitor executes the Monitoring Preparation section of the Core and Project Checklist. The goal of Monitoring Prep is to ensure that the Compliance Monitor understands the scope of the review and identifies documents needed to complete a desk review. The Compliance Monitor begins Monitoring Prep by collecting any documents required for the review that might be maintained in OCD's records management system. Monitoring Prep also serves to identify any areas of compliance that might require follow-up from previous reviews.

3.2.4 Monitoring Notification Letter Creation and Distribution

Once Phase 1 of Monitoring Prep is conducted, a Monitoring Notification Letter is sent to the Monitored Entity. The Lead Monitor drafts the Notification Letter, the Senior Compliance Monitor reviews and edits the Letter, and the C&M Manager approves and signs the letter. The letter includes the date and time of the visit, the method of review (desk or onsite), areas to be covered, the projects selected for review, and documents requested of the Monitored Entity. For a desk review, the letter includes a list of required documents needed to execute the Checklists. For an onsite review, the letter includes a request for adequate workspace and for meetings with key personnel. (The Monitoring Notification Letter Template is included as Exhibit 6.)

3.2.5 Post-Notification Monitoring Preparation (Phase II)

Once the Monitoring Notification Letter is distributed, the Compliance Monitor performs an initial execution of the Checklist, selects samples needed to complete the Project Checklist, and conducts the Internal Prep Meeting. The Compliance Monitor begins by executing the Core Checklist, Project Checklist, and if applicable, Project Worksheets and Supplemental Subrecipient Worksheets utilizing the documents collected from OCD recordkeeping systems. (All aforementioned documents are included as Exhibits.) These checklists—described in Section 5—are used to assess compliance with federal, state, and local requirements.

Prior to the Internal Prep Meeting, the Senior Compliance Monitor reviews the results of the initially executed Checklists. This is the Senior Monitor's opportunity to ensure that the monitoring team is adequately prepared for the review, has made acceptable travel arrangements, and understands how to answer the questions for the specific review. As a part of the Internal Prep Meeting, the Lead Monitor develops an agenda for the Entrance Conference (see Exhibit 7) and confirms any logistics for the onsite visit.

3.2.6 Review Execution

Monitoring activities are those activities conducted by the C&M staff in the OCD office after receiving requested documents from the entity (desk review) or at a site where the program/project records are maintained, production occurs, or both (onsite review). Onsite monitoring is an effective way to validate

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desk review results, identify and/or research discrepancies, and monitor high-risk program components more closely. During monitoring reviews, files and documents are reviewed and detail tested for compliance with all applicable requirements. The checklists used for the reviews are outlined in Section 5.

At the conclusion of the review, the Lead Compliance Monitor conducts an Exit Conference to provide an overall status of the review and go over any next steps. An Exit Conference Agenda is prepared by the Lead Monitor to highlight any deficiencies or aberrations identified, any areas for which TA was provided, and any outstanding documentation required to fully execute the Checklist that may have not been provided by the Monitored Entity during the review. If a review is not fully executed by the date and time indicated on the Monitoring Notification Letter, the review may be extended either onsite or remotely in the OCD office, pending approval by the C&M Manager. For any extended reviews that are completed remotely, the Compliance Monitor may conduct the Exit Conference via conference call.

Once execution of the review is fully complete, the Lead Monitor submits the fully executed Checklists to the Senior Compliance Monitor for review and approval. The Senior Compliance Monitor ensures that all responses to the Checklist are complete and answered appropriately, that comments are included and complete (where applicable), and that determinations are applied consistently.

3.2.7 Round Table Discussion

Once the review is executed, the Lead Monitor completes the Monitoring Report Form (Exhibit 12) to summarize the results of the review and to guide the Round Table Discussion. The form delineates the conclusion reached, the description of the conclusion (project ID, condition, criteria, cause, effect, risk), and the proposed corrective action for each conclusion identified.

As a result of the review, one or more of the following conclusions may be reached:

1. Performance was adequate or exemplary (No “Findings” nor “Concerns”);
2. There were significant achievements (“Merit”);
3. Technical assistance was provided or is needed (“Observation”);
4. There were Concerns that need to be brought to the attention of the Monitored Entity (“Concern”); and/or,
5. There were Findings of deficiency. (“Finding”)

The primary function of the Round Table Discussion is to ensure that consistency is applied to review determinations and corrective actions. The particulars of each identified issue are discussed: how each deficiency is to be classified (i.e. Finding, Concern or Observation); the details to be included in the description of the deficiency in the report; and any corrective actions that are to be taken by the Monitored Entity are all addressed. Additionally, the Round Table also serves an opportunity to provide TA to the C&M staff—confirming that all possible measures are taken to verify compliance; and that compliance violations are reported accurately.

Once the Monitoring Report Form is updated to reflect the Round Table Discussion, the Lead Monitor submits the finalized version of the form to the Program Manager. This is the Program Manager’s last opportunity to provide any feedback before the identified issues move to the reporting phase.

3.2.8 Monitoring Report Letter Creation and Distribution

Following submission of the Monitoring Report Form to the Program Manager, the Lead Monitor then prepares the Monitoring Report Letter. The Monitoring Report Letter is issued to the Monitored Entity and outlines the results of the review in sufficient detail to clearly illustrate the areas that were covered and the basis for the conclusions. (A Monitoring Report Letter Template is included as Exhibit 13.)

Once the Lead Monitor prepares the Monitoring Report Letter, the Senior Compliance Monitor reviews the letter to ensure that (1) Addressee and carbon copy contact information are included and accurate; (2) All monitoring conclusions are identified; (3) All regulations and references are cited accurately; (4) All issues include the required condition, criteria, cause, effect, and risk; (5) All corrective actions are in concert with Round Table discussions; and (6) All grammar and formatting are correct. If aberrations are identified, the Senior Compliance Monitor can either edit the Monitoring Report Letter or remit the letter to the Lead Monitor for edits. Upon completion of the Senior Compliance Monitor's review of the Monitoring Letter, the letter is reviewed, approved, and signed by the C&M Manager.

3.2.9 Corrective Action and Follow-Up

To resolve the compliance issues identified during the review, the Monitored Entity is required to carry out any corrective actions outlined in the Monitoring Report Letter. When the Monitoring Report Letter does include corrective action to be taken, the Monitored Entity is required to submit a written response within 30 days of receiving the letter. The response—coming from the Monitored Entity's management—should, at a minimum, include a plan for completing the corrective actions. For any corrective actions that are considered complete by the Grantee/Subrecipient, the response should include corroborative evidence of that completion.

The Lead Monitor is charged with following up on all corrective actions outlined within the Monitoring Report Letter until all issues are cleared; as well as updating the status of the corrective actions on the Monitoring Report Form and the C&M Monitoring Tracker accordingly. In the event the management response requires additional corrective action or remittance of funds back to OCD, a Corrective Action Incomplete Letter may need to be sent to the Monitored Entity if deemed necessary and appropriate by the C&M Manager.

Upon completion of all corrective actions within the Grantee/Subrecipient's corrective action plan, evidence of corrective actions are reviewed and approved by the Senior Compliance Monitor, and then by the Compliance Manager. Once all identified issues are cleared, a Final Corrective Action Completed Letter (see Exhibit 16) is sent to the Monitored Entity.

3.2.10 Technical Assistance

While Technical Assistance (TA) can be administered by any qualified member of the OCD staff, it is most commonly provided by the Compliance and Program Management staffs. The objective of TA is to aid the Monitored Entity in their day-to-day compliance with HUD and state regulations and program requirements as they administer their individual programs. The nature and extent of TA is determined at the discretion of the respective Compliance Monitor or Program Manager. Some examples of TA may include:

1. Verbal or written advice;

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2. Formal training; and/or,
3. Documentation and guidance.

When deficiencies are identified as a result of monitoring, Technical Assistance may be required to assist in the resolution of the deficiency. Any assistance directly related to resolving a specific monitoring deficiency is coordinated by either a member of the Compliance team that identified the deficiency or the Program Manager.

Any visits made to a Grantee/Subrecipient for the primary purpose of administering TA are to be documented and reported in accordance with OCD policy. If chronic deficiencies are noted for multiple Grantees/Subrecipients, then organized TA sessions can be coordinated through C&M in conjunction with Program Management staff.

4. Monitoring Roles and Responsibilities

Recipient monitoring is the responsibility of OCD and its Grantees. OCD monitors Grantees and direct Subrecipients in order to ensure compliance with executed agreements, applicable state and federal laws and regulations, and project/program performance criteria. Grantees and direct Subrecipients are responsible for carrying out their projects and programs in a way that meets compliance requirements, including monitoring their program/project administrators, contractors, and subcontractors.

OCD has identified two levels of compliance monitoring for all of its CDBG-DR Funds: Level 1 and Level 2. OCD developed Monitoring Tools that can be utilized for each level of compliance monitoring. The OCD Monitoring Tools are comprised of three Checklists: the Core Checklist, the Project Checklist, and a Contractor Monitoring Checklist.

1. Level 1 Monitoring — State Agencies, Local Grantees, Subrecipients, and contractors, as applicable, ensure that the program or project is implemented and/or services are being provided according to the requisite state and federal regulations and contractual obligations. The Core Checklist (see Section 5.2) and Project Checklist (see Section 5.3) are used to perform Level 1 monitoring as review. Additionally, OCD may also use the Contractor Monitoring Checklist (see Section 5.5) to monitor contractor compliance with executed binding agreements.
2. Level 2 Monitoring — Grantee or Subrecipient ensures that all state, federal and local laws and regulations, program/project requirements, and contractual obligations are met. Level 2 monitoring can be performed using the Project Checklist. Additionally, if Grantees utilizes Subrecipients to execute their programs or projects, the Core Checklist can be used to monitor those Subrecipients.

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Note Regarding OCD's Monitoring of Entities without a Contractual Relationship with OCD (and associated Projects)

For the purpose of this Annual Compliance and Monitoring Plan (ACMP), if a Grantee/Subrecipient has entered into agreements with other entities to execute projects, OCD considers this a Subrecipient relationship between the Grantee/Subrecipient and the said entity. Therefore, the primary monitoring responsibilities of ensuring that the Subrecipient is implementing the program/project according to the applicable regulations reside with the Grantee/Subrecipient. OCD serves in an oversight monitoring role when this type of relationship exists.

The Subrecipient Management Section of the Core Checklist is utilized to provide this oversight monitoring in order to determine if the Grantee/Subrecipient is sufficiently managing its Subrecipients (and its Subrecipients' implementation of its allocated projects). If after completing the review it is determined that the Grantee is not sufficiently managing its Subrecipient, OCD may (with coordination with the Grantee/Subrecipient), complete a project review for a sample of the Subrecipient's projects. The actual program deliverables/activities (i.e., services provided by the Subrecipients) are not reviewed by OCD unless issues are found during the review.

4.1 C&M Staff Roles and Responsibilities

The C&M Manager assigns a Senior Compliance Monitor as Scheduler to coordinate the monitoring activities of the C&M staff. The Scheduler assigns a Senior Compliance Monitor, Lead Compliance Monitor, and Staff Compliance Monitor(s) to each review, and the C&M Manager approves these assignments prior to distribution.

The following roles are established to execute OCD's Monitoring Plan:

1. C&M Manager
 - a. Oversees all monitoring efforts
 - b. Approves the monitoring schedule
 - c. Approves project sample selection
 - d. Reports status of monitoring reviews
 - e. Reviews and Approves final resolution of Corrective Actions
 - f. Approves and signs compliance letters
2. Process Lead
 - a. Maintains and updates the ACMP, Internal Procedures, and Monitoring Tools
 - b. Coordinates new hire and ongoing training for Compliance Monitors
3. Scheduler
 - a. Conducts annual Grantee Risk Assessment
 - b. Prepares and coordinates the completion of Project Selection Forms
 - c. Selects project sample for reviews
 - d. Assigns C&M staff to reviews
 - e. Develops and distributes the monitoring schedule
 - f. Manages any exigent monitoring reprioritization (i.e., handling "emergency" reviews)
4. Senior Compliance Monitor
 - a. Tracks monitoring review progress and follows up on overdue milestones

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- b. Provides oversight for all Compliance Monitor tasks
 - c. Reviews and edits compliance letters
 - d. Reviews and approves Monitoring Tools (Checklists)
 - e. Provides TA to Compliance Monitors throughout the review process
5. Lead Compliance Monitor
- a. Ensures milestones for monitoring reviews are tracked and completed timely
 - b. Coordinates logistics for the review
 - c. Assigns projects and tasks to Compliance Monitors staffed on the review
 - d. Coordinates meetings and monitoring preparation for reviews
 - e. Schedules and facilitates the Entrance Conference and Exit Conference
 - f. Reviews all Monitoring Tools prior to submission to the Senior Compliance Monitor
 - g. Schedules and coordinates the Round Table Discussion
 - h. Drafts Monitoring Report Form and all resulting compliance letters
 - i. Oversees the Corrective Action resolution process and any associated follow-up
6. Compliance Monitor
- a. Executes and documents the results of the Monitoring Tools
 - b. Provides TA to the monitored entity during the course of the review
 - c. Collects documents to support compliance determinations
 - d. Accurately reports all compliance determinations to Lead Compliance Monitor
7. Program Manager
- a. Provides any high risk activities and contact information on the Project Selection Form
 - b. Participates in the Monitoring Prep-Meeting
 - c. Identifies entities that may require prioritized monitoring
 - d. Reviews Monitoring Report Form (provides input on identified concerns and findings)
8. Subject Matter Expert (SME)
- a. Provides support to the C&M staff
 - b. Provides functional guidance in the areas of Procurement/Contracting, Financial Management, Labor, Environmental, and Monitoring

5. Monitoring Tools

The OCD Monitoring Tools are comprised of three Checklists: the Core Checklist, the Project Checklist, and Contractor Monitoring Checklist. The activities associated with a Grantee, Subrecipient, Project, or Program determines which sections of these Checklists are utilized for each review. These Checklists are described in Sections 5.1-5.5.

5.1 Core Checklist

The Core Checklist is utilized for all Grantee/Subrecipient-level monitoring performed by C&M. Grantees may also use this Checklist to monitor its Subrecipients. This Checklist is included as Exhibit 8 of this document.

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The primary functions of the Core Checklist are to determine if policies and procedures meet minimum requirements and to verify the adequacy of the financial management system, civil rights compliance, and the Subrecipient management system, as applicable. The Core Checklist includes a review of the following areas:

1. Procurement policies and procedures;
2. Contracting policies and procedures;
3. Financial management policies and procedures;
4. Monitoring policies and procedures;
5. Recordkeeping records management, and reporting
6. Duplication of benefits
7. Grant specific requirements
8. Financial management system validation;
9. Civil Rights; and
10. Subrecipient Management, as applicable

The Subrecipient Worksheet is utilized by the Compliance Monitor to draw conclusions regarding the Grantee's Subrecipient Management of projects implemented by an entity without a contractual relationship with OCD.

5.2 Project Checklist

The Compliance Monitor utilizes the Project Checklist (included as Exhibit 9) to review a sample of the Grantee's Projects. The Project Checklist is used as both a desk and onsite review. The Project Checklist is comprised of questions related to each of the following compliance areas:

1. Citizen Participation
2. Project Activities (National Objectives, Eligible Activities, Monitoring, Duplication of Benefits)
3. Procurement
4. Contracting
5. Labor
6. Financial Management
7. Section 3
8. Environmental Review
9. Acquisition and Relocation
10. Property Management

Project Worksheets (Exhibit 10) are used by the Compliance Monitor to draw conclusions regarding procurement, contracting, labor, and Section 3 compliance for each project. The worksheets include questions pertaining to the specific contractors/vendors procured to implement the program/project. Since the activities associated with a project and with a contract vary, all sections of the Project Checklist may not be applicable for each project and associated contract/contractor. The results of each Project Checklist are reviewed to determine if TA may be needed.

5.2.1 Sample Selection for Project Checklist Execution

For each project included in the Project Sample, the Compliance Monitor selects a sample of contractors/vendors, expenditures, labor payrolls, and purchased real and personal property (when applicable) in order to execute the Project Worksheets. The total population and sample selected for each is recorded and documented. According to Appendix A of HUD Handbook 2000.04 REV-2 CHG-7, there are minimum sample sizes for attribute testing. The sample methodology to select each sample size is detailed in the Monitoring Checklists and Worksheets.

Sampling Tools

Sample selection can be performed with the assistance of off-the-shelf software (e.g., random number generators, MS Excel function – RAND [random number generator]). A sampling tool may be used to randomly select a sample from a population.

Additional projects may be added to the selection using a targeted selection method by:

1. Examining more projects from a specific category;
2. Selecting additional projects to include one from each Grantee/Subrecipient staff individual responsible for project oversight;
3. Including additional projects with the same characteristics, if indicated by the severity or nature of any problems(s) noted during previous reviews (i.e., same problem category, same staff individual, same activities or other characteristics);
4. Including projects with expanded scope or funding, activities considered high risk, and/or unresolved past findings or concerns.

5.3 Subrecipient Supplemental Worksheets

If a project is selected that is administered by a Grantee's Subrecipient, the Compliance Monitor executes the Subrecipient Supplemental Worksheets (Exhibit 11) to verify and validate the Subrecipient management practices of the Grantee as a part of the Core Review. This worksheet is only used if a project within the selected sample is administered by a Grantee's Subrecipient.

The Subrecipient Supplemental Worksheets include a review of the Grantee's monitoring files to ensure adequate Subrecipient management of all applicable areas of compliance.

5.4 Contractor Monitoring Checklist

OCD Compliance Monitors generally serve as the primary monitors, unless otherwise defined in the contract or CEA. When State personnel are embedded within specific operational areas managed by a contractor, day-to-day and continuous monitoring may occur that is not included within this monitoring strategy (See Section 6.1.3).

When considering contractors, the same federal, state, local, and CDBG administrative and monitoring requirements that apply to Subrecipients may not apply to a contracted entity. Therefore, the checklist used to monitor Subrecipients and state-administered projects may not be suitable to fulfill OCD's contractor monitoring responsibilities. With that in mind, a Contractor Monitoring Checklist (Exhibit 17) was

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developed to help OCD fulfill its responsibility for monitoring contractors—whether the contractors function as grant administrators or serve the state in other capacities.

The Contractor Monitoring Checklist is tailored based upon the particular contract executed between OCD and the contractor. This would include updating the checklist to include all requirements and deliverables associated with the contract scope of work as well as any relevant areas of concern.

The Contractor Monitoring Checklist includes a review of the following areas:

1. Contractual requirements
 - a. Administrative requirements
 - b. Scope of Work
 - c. Deliverables
2. Areas of Concern (as identified by the monitor)
3. Labor
4. Civil Rights
5. Environmental
6. Financial Management
7. Property Management
8. Other Legal/Regulatory Requirements

Selecting a Documentation Sample to Review

Using the Contractor Monitoring Checklist as a guide, the Compliance Monitor pulls samples of specific documentation to draw conclusions about an activity, process, or function. Populations are obtained through coordination with the particular entity being monitored and may consist of listings of projects, case files, program activities/transactions, or financial information in either an electronic or hardcopy form. The actual sample items may consist of hardcopy records that are pulled for detail testing while on site, specific records and information as requested, and/or data or reports that are provided by the Monitored Entity as part of ongoing reporting or other production requirements.

According to Appendix A of HUD Handbook 2000.04 REV-2 CHG-7, there are minimum sample sizes for attribute testing. The Compliance Monitor uses the table provided (Table 4) to determine the appropriate sample size for monitoring program-processing activities (e.g., closings, applicant file reviews, etc.).

Table 2 Sampling for Transaction-Based Activities

Population	>200	100-199	50-99	20-49	Less than 20
Minimum Sample Size	65	20	10	5	3

As is the case for the Project Sample selections (Section 5.2.1), sample selection can be performed with the assistance of off-the-shelf software (e.g., random number generators, MS Excel function – RAND [random number generator]). A sampling tool may also be used to randomly select a sample from a population.

6. Monitoring Relationships and Use of Monitoring Tools

The relationships between each of the roles described above and the use of the Monitoring Tools outlined depends upon how the program is implemented. OCD may distribute CDBG funds to beneficiaries through programs administered by:

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1. A local Grantee (parish or municipality);
2. A subrecipient (State Agency, non-profit, etc.);
3. A State contractor;
4. OCD directly; or,
5. OCD with the assistance of contractors.

Depending upon the administration method and the project/program requirements, all sections of each of the Monitoring Tools may not be utilized during the monitoring review. The following sections describe the monitoring relationships and tools according to administration method.

6.1.1 Project/Program Administered by a Local Grantee/Subrecipient of the State

The following table provides guidance when OCD is monitoring an entity with which they have a direct contract or agreement. Examples of the programs that are included within this implementation category include the Gustav/Ike Parish Program and the Small Firm Recovery Loan and Grant (“BRGL”; administered by LED).

Tool	Performed By	Execution
Core Checklist	Compliance Monitor	Executes the policies and procedures sections of the Checklist, and the remaining sections/questions of the Checklists, utilizing the results of the Project Checklists, as applicable.
Project Checklist	Compliance Monitor	Executes the Checklist for each Project within the sample (see Section 3.2.1).
Project Worksheets	Compliance Monitor	Executes for a sample of the contractors and/or Subrecipients. For Subrecipients, only Worksheets 1 and 3 are executed.
Subrecipient Supplemental Worksheets	Compliance Monitor	Executes the worksheets if the Grantee has engaged a Subrecipient to administer the project.

6.1.2 Program/Project Administered by OCD

If a program/project is administered directly by OCD (i.e., Piggyback Program), the Monitoring Tools are employed as illustrated in the following table. This includes those programs/projects for which OCD has engaged consultants and/or contractors to provide support services for the administration of the program/project. The consultants/contractors providing support services can be reviewed using the Contractor Monitoring Checklist (see Section 5.35).

Tool	Performed By	Execution
Core Checklist	Compliance Monitor	Executes all policy and procedures questions based upon the State Program Manager’s administration of the Program, utilizing the results of the Project Checklists, as applicable.

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Tool	Performed By	Execution
Project Checklist	SPM / Compliance Monitor	Questions answered based on the program/project implemented by each recipient.
Project Worksheets	SPM / Compliance Monitor	Executed for a sample of the contractors and/or Subrecipients per Section 3.

6.1.3 Program/Project Implemented by a Contractor of the State

If OCD has engaged a contractor to implement the program/project, then the Contractor Monitoring Checklist, Core Checklist, Project Checklist, and associated Project Worksheets are used to monitor the Contractor. If the contractor is providing support services to OCD to implement the Program (i.e., HGA, Environ), only the Contractor Monitoring Checklist would be used.

Tool	Performed By	Execution
Contractor Monitoring Checklist	SPM / Compliance Monitor	Contract Scope of Work requirements and deliverables incorporated. Executes all applicable sections of the Checklist.

7. Performance Monitoring

Performance monitoring of the Grantee-implemented programs and projects is performed as a parallel process to the compliance monitoring by the Program Management teams. The sheer volume and/or complexity of projects administered by a single entity can sometimes make it difficult to chart or forecast a particular project's implementation. And without proper planning or consistent oversight, some projects can take years to implement. As a result of these considerations, OCD may monitor the performance of projects based on pre-defined milestones (see Exhibit 18) and the Grantee-approved target dates for reaching these milestones.

The goals for performance monitoring include:

1. Assisting Grantees in developing project implementation schedules using the Performance Monitoring Template;
2. Enabling Grantees to allocate applicable staff/resources to projects and maintain reasonable timelines for completion of projects;
3. Tracking Grantee progress and providing technical assistance as needed; and,
4. Providing summary reporting of frequently requested information.

By engaging Grantees in the process, the schedules that are established ultimately allow Grantees to allocate applicable staff/resources to projects and maintain reasonable timelines for completion of projects.

Project milestones have been identified for each of the following project types:

Project Type	Description
Housing – Construction	Housing programs/projects that involve construction (minor roof repair, rental rehabilitation, etc.). If the project/program involves collecting applications, the duration between the milestones should reflect when the milestone is reached for all approved applicants.

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Project Type	Description
Housing – Other	These are housing programs/projects that do not involve construction—loan or grant program, providing relocation benefits, etc. If the project/program involves collecting applications, the duration between the milestones should reflect when the milestone is reached for all approved applicants
Infrastructure	Drainage, streetscapes, bridge repair, generator installation, etc.
Economic Development – Loan & Grant	These are programs/projects that provide grants and loans to firms who are determined to have a chance to survive, contribute to the economy, and create jobs. Since this type of project/program involves the Grantee/ Recipient/ Subrecipient’s collecting applicants that meet the program guidelines, the duration between the milestones should reflect when the milestone is reached for all approved applicants.
Economic Development – Other	These are projects/programs targeted to improving a Grantee/ Recipient/ or Subrecipient’s local economy by proving technical assistance to small firms, funding tourism marketing , and otherwise increasing the local job market. Since this type of project/program involves the Grantee/ Recipient/ Subrecipient’s collecting applicants that meet the program guidelines, the duration between the milestones should reflect when the milestone is reached for all approved applicants
Planning – Category 1 (Develop a Plan)	These are projects used to finance the development of forward-thinking plans related to land use, economic development, resiliency and water management and development of local zoning ordinances that help prevent or dramatically minimize business, housing, and infrastructure damage from future storm events. This milestone assumes that the project was selected through a competitive process and was already approved.
Planning – Category 2 (Code Enforcement)	These are projects that provide funding to hire and/or maintain staff to assist in the establishment or acceleration of building code enforcement and resiliency education. This milestone assumes that the project was selected through a competitive process and was already approved.
Homelessness Supports	These are projects/programs designed to prevent homelessness in a local community.

The milestones associated for each of these projects are included in Exhibit 18. These milestones may be used to set a base schedule for a group of projects. OCD may work with the Grantee to adjust this schedule based on the activities associated with each individual project. For example, all projects may not require property acquisition, so this milestone can be marked non-applicable. The construction of the concrete pad for the installation of a generator should not take as long as construction of a bridge, so the construction period for this project type would be adjusted.