

Chapter 9

Monitoring Reporting Closeout





Chapter Nine: Monitoring, Reporting, Closeout

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Introduction

Chapter 9: Monitoring, Reporting and Closeout provides an overview of the primary aspects of ensuring and documenting compliance with Community Development Block Grant (CDBG) program rules and requirements with the form needed for performance measurement, reporting, recordkeeping, monitoring, and closeout requirements.

Additional information concerning the laws and regulations associated with the reporting requirements presented in this chapter are provided in Chapter 8: Civil Rights.

Supporting Materials

Attachment 9-1	Sample Notice of Monitoring
Attachment 9-2	Monitoring Form 1 – Design and Construction
Attachment 9-3	Monitoring Form 2 – Design Grant Only
Attachment 9-4	Sample Post-Monitoring Letter
Attachment 9-5	HUD 60002 Section 3 (2015)
Attachment 9-5A	HUD 60002 Section 3 Instructions
Attachment 9-5B	Section 3 Checklist
Attachment 9-5C	WV Youthbuild Directory
Attachment 9-6	MBE-WBE Contracting HUD 2516 Instructions
Attachment 9-6A	MBE-WBE Contracting HUD 2516
Attachment 9-7	Section 3 and Contracting Compilation
Attachment 9-8	Fair Housing Instructions and Reporting
Attachment 9-9	Program Income Instructions
Attachment 9-9A	Program Income Report
Attachment 9-10	Sample Final Performance Report (FPR)

Monitoring

All projects must be monitored at least once during the life of the project. The West Virginia Development Office (WVDO) reserves the right to monitor projects on a more frequent basis if necessary. **All projects must be monitored prior to submission of the Final Performance Review (FPR), final payment, interim closeout and/or final closeout.**

The WVDO will work closely with the Regional Planning and Development Council (RPDC), or the project administrator when the RPDC is not a partner in the grant, to schedule a monitoring visit. A letter will be sent by the U.S. Postal Service to the Grantee providing notification of the date, time and location of the project monitoring. A copy of the notification letter will be scanned and emailed to the RPDC or project administrator.

WVDO Project Development Accounting will also conduct a financial monitoring for each project independent of the programmatic monitoring. A letter notifying the grantee will be mailed. **Grantees are required to clear any and all findings and concerns of previous monitoring visits prior to submission of the FPR.**

Audit

Grantee audits must conform to the requirements outlined in OMB Circular A-133. Grantees will not receive a letter of final closeout until all CDBG funds have been audited and any findings or questioned costs have been resolved. The solicitation and contracting of auditors and scheduling of audits is the responsibility of the State Auditor, Chief Inspector Division. The WVDO will maintain continuous liaison with the State Auditor's Office to ensure that CDBG projects are included in scheduled audits.

Annual Reporting Forms

All Grantees are required to submit reports on an annual or semi-annual basis until a project has reached interim or final closeout status. All reports pertain to **required** actions on the part of CDGB Grantees. Annual reports include, but are not limited to:

Annual Reports

1. Section 3 Hiring and Contracting Activity-HUD Report Form 60002
2. Minority and Women Owned Business Contracting-HUD Report Form 2516
3. Section 3 and Contracting Compilation Form
4. Compliance with the Fair Housing Act Report Form
5. Program Income/Interest Earned Report Form

Semi-Annual Reports

1. HUD Form 4710 Semi-Annual Labor Standards Enforcement Report

The HUD Form 4710 Semi-Annual Labor Standards Enforcement Report requires two separate reporting periods:

- Period 1: October 1 - March 31
- Period 2: April 1 - September 30

Failure to submit a report listed above will result in a finding of noncompliance.

Section 3 Annual Reports – HUD Form 60002

What is Section 3?

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods. More information can be found in Chapter 6.

Section 3 Summary Reports (HUD Form 60002)

Annually, each direct recipient of Housing and Community Development funding is required to submit form HUD-60002 to HUD's Economic Opportunity Division in Washington, DC. In order for the WVDO to complete this report, our office must receive the same information for each active CDBG project.

The Section 3 Summary Report must follow the same program, fiscal, or calendar year as the annual performance report the WVDO submits to HUD. *NOTE: Section 3 reports must be submitted by all sub-recipients that receive Housing and Community Development funding in excess of \$200,000 whether new employment, training, or contracting opportunities were created or not.*

Determining What Should Be Reported on HUD Form 60002

Section 3 Annual Summary Reports are intended to measure each recipient's efforts to comply with the statutory and regulatory requirements of Section 3 in its own operations and those of covered contractors, subcontractors, and sub-recipients. Each submission of form HUD-60002 should indicate the following:

- The total dollar amount of HUD funding that was expended by the recipient for covered projects/activities during the specified reporting period.
- The total number of new employees that were hired by the recipient (or its covered contractors, subcontractors, and sub-recipients) as a result of the completion of covered project/activities.
- The amount of new employees that were hired by the recipient (or its covered contractors, subcontractors, and sub-recipients), as a result of the completion of covered projects/activities, that met the definition of a Section 3 resident.
- The total number of man hours worked on covered projects (optional).
- The aggregate number of hours worked by Section 3 residents on covered projects (optional).
- The total number of Section 3 residents that participated in training opportunities that were made available by the PHA, its contractors, sub-recipients, or other local community resource agencies.

- The total dollar amount of construction and/or non-construction contracts (or subcontracts) that were awarded with covered funding.
- The dollar amount of the recipient's construction or non-construction contracts (or subcontracts) that were awarded to Section 3 business concerns.
- Detailed narrative descriptions of the specific actions that were taken by the recipient (or its covered contractors, subcontractors, sub-recipients, or others) to comply with the requirements of Section 3 and/or meet the minimum numerical goals for employment and contracting opportunities.

HUD Form 60002 and Section 3 Compliance Determinations

Absent evidence to the contrary, the WVDO considers recipients of covered funding to be in compliance with Section 3 if they meet the minimum numerical goals set forth in 24 CFR Part 135.30(i). Specifically:

- 30 percent of the aggregate number of new hires shall be Section 3 residents;
- 10 percent of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- 3 percent of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

Grantees that fail to meet the minimum numerical goals above bear the burden of demonstrating why it was not possible to do so. Such justifications should describe the efforts that were taken, barriers encountered, and other relevant information that will enable the WVDO to make a compliance determination.

Grantees that submit Section 3 reports containing all zeros, without a sufficient explanation to justify their submission, are in noncompliance with the requirements of Section 3. Failure to comply with the requirements of Section 3 may result in sanctions, including: debarment, suspension, or limited denial of participation in HUD programs pursuant to 24 CFR Part 24.

Recipients that are subject to annual A-133 Audits may also receive an audit finding for failure to submit form HUD-60002 to the WVDO.

Fair Housing Compliance and Reporting

Compliance with the Fair Housing Act is required for each Grantee. Reports are required for each open grant on an annual basis, regardless of amount or type. As required by HUD, the WVDO encourages each Grantee, sub-recipient, and developer to update its analyses of impediments to fair housing as necessary to reflect current market conditions. As part of Fair Housing Month, each year in April, WVDO encouraged all Grantees to pass a Fair Housing Resolution as the first step in affirmatively furthering fair housing.

Affirmatively furthering Fair Housing is one of HUD's the main objectives and is a **requirement** for participation in the CDBG program in West Virginia. Fair Housing is the right to choose housing free from unlawful discrimination. Fair Housing laws protect all individuals seeking

housing, including renters, homebuyers, persons obtaining a mortgage or homeowners insurance, and others. The federal Fair Housing Act prohibits discrimination in housing because of the following protected classes:

- Race
- Color
- Religion
- National origin
- Gender
- Disability or
- Familial status (presence of children under the age of 18 and pregnancy).

The West Virginia Fair Housing Act (as amended) includes two additional protected classes:

- Ancestry
- Blindness

Each year, Grantees must report to the WVDO regarding Fair Housing activities. This report must be submitted on the Compliance with the Fair Housing Act form. The report should include all actions taken to affirmatively further fair housing, which include, but are not limited to the following:

- Enacting or strengthening local ordinances.
- Passing a formal resolution.
- Advertising, including newspaper and radio.
- Communication or language in contracts, letterhead or use of Fair Housing symbol.
- Public outreach, including seminars, meetings or public hearings with interested parties.
- Assistance to minority groups.
- Development and distribution of community resource guides.
- Improvement of community facilities to integrate neighborhoods or preserve integration.

Any questions regarding Compliance with the Fair Housing Act or fair housing activities may be directed to April McComas at the WVDO at 304-957-2051 or april.l.mccomas@wv.gov.

Program Income/Interest Earned Report

Program Income is defined in 24 CFR 570.489(e) as gross income received by a unit of local government that was generated from the use of CDBG funds. **All CDBG Program Income must be reported.**

For CDBG projects, if less than \$25,000 is received in a single year by a unit of local government, funds may be treated as miscellaneous income and will not be subject to program requirements. If \$25,000 or more in Program Income is received in a single year by a unit of local government, the generated Program Income will be treated as additional CDBG funds and be subject to all program requirements. This Program Income must be used to continue the same activity from which it was derived or be subject to recapture by the state.

Attachment 9-9A must be used to report any program income generated during the fiscal year.

Minority and Women-Owned Businesses (M/WBE) – HUD Form 2516

Grantees and their contractors and subcontractors must fully comply with the requirements of the Executive Order 11625. As required by Executive Order 11625, the WVDO must annually compile data on Minority Business Enterprises (MBE) and Women-Owned Business Enterprises (WBE). HUD compiles this information into an overall agency report for submission to the Minority Business Development Agency of the U.S. Department of Commerce.

The reporting form is the Contract and Subcontract Activity Form - HUD-2516. This form must be submitted to the WVDO on or before June 30th each year. The instructions and form HUD-2516 are located at the end of this chapter as **Attachments 9-6 and 9-6A**.

Additional resources concerning M/WBE administration are provided in Chapter 8. Grantees are expected to document their outreach to MBE-WBE business sources. Methods of outreach include, but are not limited to:

- Placing qualified MBE-WBE businesses on solicitation lists.
- Ensuring that MBE-WBE businesses are advised of opportunities to respond to bids or requests for proposals by letter.

In addition, the West Virginia Department of Transportation (DOT) maintains a Disadvantaged Business Enterprise Program. These small businesses are certified by the Unified Certification Program as being at least 51 percent owned and controlled by socially and economically disadvantaged individual(s). Females and certain minority groups are deemed to be socially disadvantaged.

The website below should be utilized in good faith efforts to provide business opportunities to minority and women-owned businesses.

www.transportation.wv.gov/eeo/DBE/Pages/default.aspx

Closeout Procedures

The closeout of a grant is the process established by the WVDO to determine that all applicable administrative actions and all required programmatic work on the grant have been completed by the sub-grantee (Unit of Local Government).

The three key activities that are required following the completion of a CDBG project are:

- Preparing a Final Performance Report,
- Clearing all monitoring findings recommendations, and
- Securing an audit and responding to and resolving audit findings.

These documents provide a comprehensive record of project activities, beneficiaries, and total cost. Report data is entered into the HUD Integrated Disbursement and Information System (IDIS).

Final Performance Report (FPR)

All grantees are required to submit a Final Performance Report (FPR) upon project completion.

- The FPR must be submitted with the final drawdown request, excluding final audit costs.
- Only 90 percent of the Administration line item will be paid until a complete and satisfactory FPR is submitted.
- If possible, the final request should only contain administrative and audit costs.
- Upon approval of the FPR, the final drawdown request will be processed for payment.

Information contained in the FPR is reported in the HUD Integrated Disbursement and Information System (IDIS). The FPR consists of the following:

Cover Sheet

This form identifies the project, reports all written comments received during the project period and is where the Chief Elected Official certifies the report.

Financial Report

The financial report summarizes all grant expenditures for the project. This information must be provided by activity as identified in the subgrantee's current project budget.

All budget amendments should be submitted and approved prior to submitting the FPR. If budget revisions are submitted with the FPR, the Final Drawdown will be delayed until the revision request can be reviewed and approved.

If the FPR is submitted and grant funds remain at the end of a project, the subgrantee will forfeit these funds. If there is a remaining balance of grant funds previously drawn down, arrangements must be made with the WVDO to return this balance.

Status of Audits Report

A summary of all expenditures audited and unaudited is required. The information regarding the CDBG funds expended can be obtained from audit reports issued by the State Auditor's Office or CPA audits which were scheduled by the State Auditor's Office.

Grant Accomplishments and Impact Report

This report requests specific information regarding project impact. Grantees must maintain thorough records throughout the project to successfully complete this section.

In the project proposal, Grantees were asked to project specific impact measures. This section requests up-to-date information on each of those measures. The state recognizes that, in some instances, the full impact will not be achieved at FPR submission. There may be "other funding" sources utilized for completing related project activities, and these activities may not be complete at the time of submission of the FPR. In these cases, and interim closeout will be granted and additional data must be accumulated until the final closeout.

Grant accomplishments and their impact should be listed and compared to the Grantee's projected impact measures from the project proposal.

Program Benefits, Actual Accomplishments, and Direct Benefits

Proposed objectives must be compared to actual outcomes in the FPR. The number of low- and moderate-income (LMI) beneficiaries must be listed in this section. Any changes between the proposed number of beneficiaries and the actual number of beneficiaries must be addressed. In addition, the census tracts and/or block groups cited must correspond to the initial application, unless otherwise noted. Demographic data for each census tract and block group must be reported.

The Grantee must provide updated information regarding the LMI benefit achieved by the project. This information is categorized into one of two categories: Area Wide Benefit or Direct Benefit. In most instances, CDBG funds are used in the Area Wide Benefit category.

When a project serves a subsection of the census tract or block group, provide the actual number of beneficiaries. In addition to the census tract and block group numbers, the number of beneficiaries served, if smaller than the census tract or block group, should also be provided. This number should correspond to the initial application, unless otherwise noted.

Displacement

Either direct or indirect displacement and the resulting relocation caused by projects or activities funded by CDBG. Both direct and indirect displacement includes displacement caused by CDBG-funded demolition, rehabilitation, or acquisition when carried out by third parties funded by the Grantee from the CDBG grant.

Acquisition/Relocation

This component provides a summary of all displacements reported on the displacement form and real property/relocations accomplished.

Final Wage Compliance Report

The subgrantee must conduct on-site interviews that must include a sufficient sample of job classifications represented on the job to allow for a reasonable judgment as to labor standards compliance.

Action taken to correct any discrepancies must be reported to the WVDO as soon as possible following the action. A summary Final Wage Compliance Report must be submitted as part of the FPR.

Submission of the Final Performance Report

The FPR should be submitted to the WVDO. One copy must be made available for public review and at least one copy must remain in the Grantee's file.

The original must be submitted to the Project Manager for the assigned region and sent to the following address:

Project Manager's Name
Community Development Division
Project Development
Capitol Complex, Building 6, Room 553
Charleston, West Virginia 25305

Interim and Final Closeout

Approval of the FPR is a necessary step to close out a project. In addition, there must be no unresolved review findings, and all national objectives must be met. Section 504 handicapped accessibility requirements must be met, and any property that has been acquired must be disposed of according to the "Common Rule," 24 CFR Part 85, 30-85, 33 requirements. All required audits must have been approved with the possible exception of the final audit. Economic development projects must also have met the necessary job and investment requirements.

Interim (conditional) closeouts may be issued after all of the following has been accomplished:

- Completed all activities and expended all funds received;
- Submitted a Final Performance Report (FPR) which has been reviewed and accepted;
- Resolved all monitoring findings or concerns;
- Resolved any third-party claims;
- Resolved or satisfactorily addressed any outstanding labor issues, equal opportunity issues, or citizen complaints; and
- Met all job creation and investment responsibilities.

A project will be granted Interim Closeout status, pending the submission of the final audit, resolution of any audit findings, and the payment of any questioned costs. Final closeout will be issued when all requirements are completed.

Record Retention

Files should be maintained in a central location. The Grantee is responsible for all files, whether maintained at the Grantee's office or at the office of the administrator.

Following final closeout, the Grantee **must retain** all project records for three years after the date of the final audit, according to 24 CFR 570.506, and must be available for review at any time. A complete listing of required records is provided in Chapter 1. Strict adherence to record keeping procedures should begin immediately following the grant award.

If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period.

In addition, WVDO or HUD representatives, the U.S. Inspector General, the General Accounting Office, and the Comptroller General of the United States must have access to any pertinent financial files, books, records, accounts, documents, papers, and other property belonging to the community that pertains to the grant.