MA BALANCE OF STATE CoC

 FEDERAL GRANT COMPLIANCE MONITORING POLICY

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## I. INTRODUCTION

This policy is a guide to EOHLC staff engaged in the management of Continuum of Care programs and other outside stakeholders. The policy relies heavily on HUD guidance [2 CFR §200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards - Code of Federal Regulations (ecfr.io)](https://ecfr.io/Title-2/Part-200) and is intended to be a single source for all monitoring needs.

Federal grants are subject to federal, state, and local government administrative requirements, cost principles, and audit requirements. As the MA Balance of State CoC lead, one responsibility of the Executive Office of Housing and Livable Communities (EOHLC) is to ensure that federal grants are managed appropriately using a risk-based compliance assessment model (see title “**EOHLC uses the following methods to select Subrecipient for monitoring”**) and by performing financial and programmatic compliance monitoring reviews. The reviews ensure Subrecipients’ s compliance with HUD applicable regulations, laws, and Grant Subaward provisions.

## COMPLIANCE REVIEW OBJECTIVES

The Monitor(s) review from each of the Subrecipient grant(s) activity report(s) is conducted from **TBD** to **TBD** each year. All funding sources and cost categories included in the reimbursement and supporting documentation pertaining to the reimbursement are reviewed, including but not limited to, a review of the organization's internal controls, procurement and contracting procedures and practices, compliance with specific grant requirements and guidelines, current and past audit reports, site visit reports, and previous monitoring reports and other program data.

Monitoring Objectives: The purpose of fiscal and program monitoring is to:

1. Verify Grant Subaward funds are being spent to further the grant objectives. Verify the Subrecipient has internal controls in place to mitigate waste, fraud, and abuse of Grant Subawards.
2. Verify that expenditures submitted for reimbursement are fully supported by appropriate source documentation and ensure that items charged to the grant are allowable, allocable to (or benefit) the grant, reasonable and necessary in accordance with the grant intent, and appropriately documented and charged to the correct cost category.
3. Conduct compliance test to verify program activities follow particular program regulations, laws and provisions of the Grant Subaward.

# II. SCOPE OF THE MONITORING

## Items that EOHLC examine include:

1. Organization statues and operations/management
2. Internal and management controls
3. Program and fiscal Policies and procedures.
4. Program and fiscal reports.
5. Program and fiscal grant requirements.
6. Client files to verify eligibility and required documentation.
7. Program milestone/accomplishments.

## There are four key components EOHLC monitoring model ensures:

1. Subrecipients are monitored during the term of the Grant.
2. Monitoring efforts focus on the areas of most significant risk.
3. All monitoring findings are addressed through appropriate corrective actions; and
4. Ongoing financial and administrative training and technical assistance is provided to Subrecipients to enable them to comply with Grant Subaward requirements and maintain their funding.

## EOHLC uses the following methods to monitor Subrecipient:

* **Site Visits**

Monitor(s) conduct an extensive examination of the relevant program and financial documentation surrounding a grant program. These are site visits to review a Subrecipient's overall implementation of the program, adherence to program guidelines, and achievement of Grant Subaward goals and objectives and to identify issues and provide technical assistance as needed.

* **Desk Reviews**

Monitor(s) conduct a focused and selective examination of the relevant program and financial documentation surrounding a grant program. They are conducted virtually and intended to facilitate and produce an evaluation of the recipient’s management of their award to identify issues and provide technical assistance as needed.

## EOHLC uses the following methods to select Subrecipient for monitoring:

1. Emergency monitoring due to a major incident and/or a claim of Fraud, Waste, and Abuse.
2. Subrecipient granted new contract.
3. Subrecipient not monitored during a full fiscal year.
4. Constant issues with other EOHLC partners (i.e. contracts/billing, HMIS, CE, etc.)
5. Contract/grant ending and not renewed; and
6. Subrecipient failed to remedy prior monitoring and/or audit findings.

## EOHLC uses the following grading to determine noncompliance:

* **Finding:**

A Finding is a deficiency in program performance based on a statutory, regulatory, or program requirement for which sanctions or other corrective actions are authorized.

* **Concern:**

A Concern is a deficiency in program performance not based on a statutory, regulatory or other program requirement. Grantee issues a Concern about program design or operations, when upon review, the practice could, if not corrected, result in noncompliance with a statutory, regulatory, or program requirement (Finding)

* **Observation:**

An Observation is not a deficiency in program performance and is not based on a statutory, regulatory or other program requirement but merely a notification in management practices to raise awareness.

# **Categories of noncompliance.**

|  |  |  |
| --- | --- | --- |
| **Category Title** | **Category-Internal Control Findings** |  Regulation Source |
| Internal controls | Failure to follow internal controls/Inadequate Internal controls |  |
|  | Inadequate written policies and procedures |  |
|  | Lack of signature/approval on bank reconciliation |  |
|  | Lack of signature/approval on time record(s) |  |
|  | Lack of signature/approval on invoice(s) |  |
|  | Inadequate record retention |  |
|  | Lack of Grants/Program Management Policy and procedures |  |
|  | Failure to follow or inadequate procurement policy |  |
| Personnel costs | Lack of or insufficient documentation of personnel costs allocated to program |  |
|  | Lack of or insufficient documentation of personnel costs allocated to program - No allocation on time records |  |
|  | Overbilling of personnel costs allocated to program |  |
| Non personnel costs | Lack of or insufficient documentation of non-personnel costs |  |
|  | Unallowable non personnel costs billed |  |
|  | Overbilling of non-personnel cost |  |
|  | Costs allocated to program incurred outside the contract period |  |
|  | Lack of or insufficient procurement bid documentation |  |
|  | Estimated not actual costs billed |  |
| Cost Allocation Plan (CAP) | Lack of or insufficient documentation of cost allocation methodology |  |
| Match | Insufficient required match |  |
|  | Lack of or inadequate match documentation |  |
|  | Inadequate match tracking |  |
| Compliance | Not in compliance with required contractual provisions |  |
| Financial Management | Lack of financial statements and nonperformance of annual independent financial statement audit – Single Audit |  |
|  | Under utilization of program funding |  |
|  | Lack of or inadequate Subcontractor monitoring |  |
|  | Financial system not in compliance |  |

## Standards:

EOHLC and its authorized representatives must have the right of access to any documents, papers, or other records of the Subrecipient which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Subrecipient’s personnel for the purpose of interview and discussion related to such documents.

Supporting documentation standards.

|  |  |  |  |
| --- | --- | --- | --- |
| **PAYROLL** | **NON-PAYROLL** | **Clients**  | **Sites** |
| Payroll Registers | Vendor Invoices, Receipts, Master Leases/Rental Agreement, Subleases and/or Client Occupancy Agreement | Provide to EOHLC on-site (see exhibit A) | EOHLC conducts inspections on-site |
| Time Records/Timesheets | Cancelled checks, CC charges, ACH |
| Paystub | Cost Allocation Plan/Methodology |
| Cost Allocation Plan/Methodology |

# **Client file documents standards**.

|  |  |
| --- | --- |
| **Participant File:** | **Below are the documents that will be reviewed when onsite**  |
| Documentation showing chronic homelessness prior to admission in the program. (Homeless Status and Eligibility Determination)  |
| A Service Plan for each household and/or household member |
| The household’s signed statement acknowledging they have received, understand, and will comply with program rules |
| Inspections, permits & occupancy Standards (habitability standards) - Units must be inspected, at minimum, monthly by program staff. |
| Notices of rules violations |
| Signed release(s) of information for outside providers. |
| A log of all contact with the household. This log shall detail progress toward meeting goals and objectives outlined in Service Plan. |
| A copy of the signed Occupancy Agreement |
| A copy of the signed Lease Agreement |
| A signed copy of a HUD compliant Rent Calculation Form. |
| A signed copy of the household’s right to appeal and written process of same |
| An HMIS privacy and/or release of information notice |
| Annual Assessment  |
| Exit assessments (if applicable) |
| Client referrals for the projects from either the BoS Coordinated Entry System or the DV Coordinated Entry System administered by the Continuum of Care. |

## EOHLC references:

* Code of Federal Regulations (CFR) [2 CFR §200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards - Code of Federal Regulations (ecfr.io)](https://ecfr.io/Title-2/Part-200)
* CPD Monitoring Handbook (6509.2) [CPD Monitoring Handbook (6509.2) | HUD.gov / U.S. Department of Housing and Urban Development (HUD)](https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2)
* Generally Accepted Accounting Principles (GAAP)
* MA BoS CoC Governance Charter
* MA Written Standards and Policies and Procedures for ESG and CoC Funded Programs
* EOHLC Contract with Subrecipient