



**FLORIDA DEPARTMENT *of*
ECONOMIC OPPORTUNITY**

COMPLIANCE MONITORING PLAN
CDBG-DR PROGRAMS

April 2020



Version	Date Revised	Description of Revisions
1.0	September 2019	Original Version
2.0	March 2020	Added additional detail regarding monitoring process
3.0	April 2020	Added Hurricane Michael information and Mitigation programs to Programs Monitored and Statutory Requirements and Guiding Documents, added clarifying language regarding Quality Assurance/Quality Control (QA/QC) reviews, and made minor grammatical corrections.
4.0	July 2020	Updated Hurricane Michael programs under Programs Monitored. Changed “division” to “bureau” under Roles and Responsibilities. Corrected minor typographical errors.

Contents

I.	Introduction	4
II.	Statutory Requirements and Guiding Documents.....	4
III.	Programs Monitored	5
IV.	Roles and Responsibilities.....	5
V.	Personally Identifiable Information	6
VI.	Types of Monitoring.....	6
VII.	Risk Assessment.....	7
VIII.	Monitoring Workplan	9
IX.	Strike Team Support	9
X.	Monitoring Process.....	10
i.	Programmatic Monitoring	10
	Planning.....	10
	Fieldwork.....	10
	Reporting.....	11
	Response	12
ii.	Fiscal Monitoring.....	12
iii.	Technical Assistance	12
XI.	Remedies for Non-Compliance	13
XII.	Disaster Recovery Grant Reporting (DRGR) System Reporting	13
XIII.	Record Retention	13
XIV.	Communication to Staff.....	14
XV.	Certification	14

I. Introduction

As per Community Development Block Grant (CDBG) regulation, 24 C.F.R. § 570.501(b), grantees of Community Development Block Grant Disaster Recovery (CDBG-DR) funds are responsible for carrying out their programs to meet compliance with CDBG-DR Program, statutory and regulatory requirements, including monitoring their project administrators, contractors and subcontractors.

Additionally, 2 CFR § 200.328 states that the non-Federal entity is responsible for the oversight of the operations of the Federal award supported activities and that monitoring by the non-Federal entity must cover each program, function, or activity.

As such, throughout the application, planning, design, and implementation phase of the program(s), the Florida Department of Economic Opportunity's (DEO) Office of Disaster Recovery (ODR) will conduct monitoring of processes, procedures, policy, applications, planning, design, construction and other applicable phases. ODR will work to ensure that programs are operating efficiently and effectively and that CDBG-DR funds are being used appropriately. The implementation of effective monitoring of the program's compliance against the program guidelines, requirements and procedures is important to identify areas of strong performance and areas that need improvement and/or a corrective action.

ODR has established this Monitoring Plan to:

- Gauge the overall progress and effectiveness of program implementation.
- Identify and resolve compliance issues that may compromise program integrity, funding, and service delivery.
- Identify areas that would benefit from technical assistance and/or training.

The Monitoring Plan and Standard Operating Procedures (SOPs) will allow ODR Compliance to carryout activities uniformly, efficiently and effectively. The monitoring plan may be updated as needed based on program design and any policy changes to federal and local requirements over the life of the grant.

II. Statutory Requirements and Guiding Documents

All monitoring conducted shall be guided and governed by all applicable federal and state statutes including but not limited to:

- 2 CFR Part 200
- 24 CFR Part 570
- November 16, 2011 Federal Register Notice, Volume 76, Number 221
- Title I of the Housing and Community Development Act of 1974
- All current Action Plans as amended and grant agreements as amended with HUD
- 73C-23.0051, FAC – Grant Administration and Project Implementation
- 73C-23.0081, FAC – Nonrecurring CDBG Funding
- January 27, 2020 Federal Register Notice, Volume 85, Number 17
- February 9, 2018 Federal Register Notice, Volume 83, Number 28
- August 14, 2018 Federal Register Notice, Volume 83, Number 157
- November 21, 2016 Federal Register Notice, Volume 81, Number 224
- January 18, 2017 Federal Register Notice, Volume 82, Number 11

- August 7, 2017 Federal Register Notice, Volume 82, Number 150

III. Programs Monitored

ODR is currently monitoring the following CDBG-DR and CDBG-MIT funded programs (including subrecipients):

- Hurricane Irma
 - Housing Repair and Replacement Program
 - Workforce Affordable Rental New Construction Programs (FHFC)
 - Voluntary Home Buyout Program
 - Workforce Recovery Training Program
 - Business Recovery Grants Program
 - Infrastructure Repair Program
- Hurricane Hermine and Hurricane Matthew Subrecipients
 - St. Johns County
 - Citrus County
 - Brevard County
 - Hernando County
 - City of Jacksonville
 - City of Palatka
 - Pasco County
 - Putnam County
 - Volusia County
- Mitigation Program
 - Critical Facility Hardening Program
 - Mitigation General Planning Program
 - Mitigation General Infrastructure Program
- Hurricane Michael
 - Housing Repair Program
 - Voluntary Home Buyout Program
 - Hometown Revitalization Program
 - Workforce Recovery Training Program
 - General Infrastructure Program

IV. Roles and Responsibilities

The Compliance staff report directly to the Finance and Administration Bureau Chief who reports directly to the Director of Disaster Recovery. This bureau is separate from the Operations and Economic

Recovery bureaus which are responsible for program implementation. This reporting structure is intended to foster independence in the performance of monitoring engagements and the reporting of monitoring results. Below are the key roles of the compliance team and the job descriptions thereof.

Bureau Chief, Finance and Administration:

- provides oversight of all compliance and monitoring activities
- signs all relevant letters (e.g. onsite visit strategy letter and monitoring report letter)
- issues final decisions regarding findings and concerns.

Compliance and Reporting Manager:

- directs the day-to-day activities related to CDBG-DR compliance and monitoring
 - completes and maintains risk assessment and monitoring schedule
 - edits and tracks letters to all entities
 - ensures the compliance and monitoring staff are prepared for and are effectively carrying out all tasks.

Compliance Officers:

- complete monitoring reviews and technical assistance
- draft all relevant letters
- compile and complete monitoring checklists
- update documents on ODR website

DEO has engaged contractors to assist with monitoring all CDBG-DR programs. Where the Plan notes work done by ODR monitoring, it is understood that the designated monitoring and oversight contractor(s) serve as an extension of ODR, under ODR guidance and management to serve the monitoring roles and responsibilities.

V. Personally Identifiable Information

ODR shall safeguard the confidentiality of all personally identifiable information (PII) reviewed during any monitoring event. PII is defined under 2 CFR 200.79 and 2 CFR 200.82. For the purposes of this Monitoring Plan, PII includes without limitation, names, credit card numbers, social security numbers, biometric data, bank account numbers, passport numbers, computer passwords, or any other health, financial, or employment information.

ODR shall not appropriate for its own use or disclose any PII except to those persons directly concerned with the PII and only to the extent necessary to comply with Federal regulations.

ODR may not store PII on computers, mobile devices, cellular telephones, and/or personal digital assistants, servers, and/or storage devices, including removable media, unless required for the performance of monitoring under this Monitoring Plan.

VI. Types of Monitoring

ODR will perform an initial risk assessment to evaluate each program to determine what level of monitoring will be conducted to ensure that all projects are compliant. A range of monitoring methods will be used including (but not limited to):

- **Desk Reviews** – limited reviews of programs, subrecipients, and contractors/vendors.
- **Onsite Reviews** – in depth reviews that validate desk review results, identify and/or research discrepancies, and more closely monitor high-risk program components.
- **Strike Team Reviews** – pre-monitoring assistance provided during the early stages of program development to assess critical risks including a review of detailed processes to preempt any potential future compliance issues.

Standardized monitoring checklists will be used to ensure consistency and to provide a detailed record. The monitoring checklists are tailored from the HUD monitoring checks found in the CPD Monitoring Handbook 6509.2.¹

VII. Risk Assessment

ODR will conduct a risk assessment on all programs in order to identify those entities and programs that are most susceptible to fraud, abuse, or mismanagement. The risk assessment provides critical information to effectively target resources toward entities and programs that pose the greatest risk to the integrity of ODR’s CDBG-DR funding, including identification of the programs to be monitored on-site and remotely, the program areas to be covered, and the depth of the review. This assessment will allow the state to minimize potential risk as it administers its CDBG-DR allocation. The below matrix lists the risk assessment criteria. In addition to the quantitative measures listed in the matrix, qualitative risk factors may also be considered. This will not change the overall risk score but may provide justification for including an entity in the Monitoring Workplan. Such qualitative factors include but are not limited to local media reports, litigation, major new programs undertaken, subsequent disasters, staff turnover, and citizen complaints. ODR may adjust the matrix outlined below to reflect new criteria or risk factors as identified.

Criteria	Description	High Risk	Medium Risk	Low Risk
Capacity	Program Administrator’s current staff capacity and its ability to ensure programmatic compliance with the CDBG-DR regulations.	10	6	3
		<i>Turnover of at least 1 key person and program complexity is greater than programmatic knowledge and capacity of its staff.</i>	<i>Program complexity is greater than programmatic knowledge and capacity of its staff.</i>	<i>No turnover and program complexity is in line with staff capacity and program knowledge</i>

¹ https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2/

Funding	Total funds allocated to the program (including FEMA and other federal and state funds)	7	5	3
		<i>Over \$100,000,000</i>	<i>\$50,000,000 - \$100,000,000</i>	<i>Less than \$50,000,000</i>
Complexity	Type of activities; complexity intake process; applicability of cross-cutting requirements.	10	6	3
		<i>4+ activity types; highly complex intake system; many cross-cutting requirements apply</i>	<i>3 or fewer activity types; intake system that may strain resources; some cross-cutting requirements apply.</i>	<i>1-2 activity types; intake system is manageable; little or no cross-cutting requirements applicable</i>
Implementation Method	Type of entity carrying out the programs (more layers, more risk)	8	5	2
		<i>Subrecipient</i>	<i>Grantee Staff</i>	<i>Vendor Implementation</i>
Relevant Experience	The Program Administrator's experience administering CDBG-DR funds	10	6	3
		<i>No Experience</i>	<i>1 to 3 Years of Experience</i>	<i>4+ Years of Experience</i>
Compliance History	The Program Administrator's past compliance with federally funded programs.	8	5	2
		<i>No past monitoring or severe deficiencies were revealed</i>	<i>Evidence of prior monitoring; deficiencies noted, but non severe</i>	<i>Evidence of prior monitoring; no deficiencies noted</i>
Program Timeline	The projected and defined timeline for program completion relative to activities.	5	3	1
		<i>Program timeline may not be adequate to complete most/all activities</i>	<i>Program timeline may not be adequate to complete some activities</i>	<i>Program timeline is reasonable to complete all activities</i>
Low Risk: 24 or Fewer Points Medium Risk: 25-40 Points High Risk: 41-58 Points				

VIII. Monitoring Workplan

After the risk assessment is completed and results are finalized, DEO will prepare a schedule of proposed monitoring events for all programs and activities throughout the year. High-risk programs will typically be reviewed first. For programs which are still in early stages of development, the strike team approach will be used to assess critical areas of the program, including a review of detailed processes, to preempt any potential future compliance issues. The workplan will also include technical assistance to provide guidance and support to the program teams.

ODR will conduct a minimum of one on-site programmatic monitoring review for each active CDBG-DR program/project. Desk reviews will also be performed a minimum of once a year for each open program/project if no on-site review is performed during the year. These monitoring reviews will be in addition to the Department's Quality Assurance/Quality Control (QA/QC) reviews which will be more process/activity focused. A QA/QC review is an independent and objective activity intended to add value and improve the DEO ODR's CDBG-DR operations while reducing risks of HUD and program nonconformance. There is a separate plan that details the QA/QC review process.

Monitoring frequency may be increased if a matter is uncovered by an external audit or necessitated by the possibility of fraud, waste, or mismanagement. The workplan may also be adjusted based on any deficiencies noted during an engagement or other significant events that may occur during the year. In addition, the risk assessment will be updated at least semi-annually or based on major program changes which will, in turn, require an adjustment to the monitoring workplan.

IX. Strike Team Support

Once a Risk Assessment is completed on a new program and if assistance needs are identified in the early stages of program development, DEO may approve Strike Team Support. The Strike Team coordinates with DEO program staff to ensure full understanding of program status and undertake pre-monitoring assistance to address identified potential risks that may arise as the program develops towards implementation and establishes a work plan to implement solutions during program development. Following are the three stages of the Strike Team Support process:

1. Post-Risk Assessment and Work Plan Development

- Identify key findings of assessment and discuss remedies with program staff.
- Develop recommendations for resolving identified risks.
- Collaborate with program staff to develop goals and action items for recommendations.
- Develop key milestones and due dates for action items.
- Incorporate work plan into the program implementation timeline.

2. Program Implementation

- Re-evaluate program for identified risks and make assessment on improvements made or outstanding risks to be addressed.
- On-going collaboration with program staff to address risks and complete work plan.

3. Risk Reduction Feedback/Results

- Develop a summary of how the risk analysis recommendations and workplan goals or action items resulted in a measurable reduction in risk within the program, which also includes program best practices and lessons learned.
- Circulate as appropriate throughout DEO to be referenced for similar programs going forward as institutional knowledge to reference.

X. Monitoring Process

i. Programmatic Monitoring

The monitoring review is broken into 4 stages: planning, fieldwork, reporting, and response.

Planning

Once the workplan has been established, an individual, written monitoring strategy will also be developed to further define the scope and focus each monitoring engagement. In developing the monitoring strategy, the monitoring team will identify key risk factors associated with specific activities to be monitored, the likelihood of noncompliance and the potential impact. This will determine critical risks that should be addressed during the monitoring visit.

The program/entity being monitored will receive a notification letter within 10 business days of the planned monitoring visit detailing the nature and scope of the visit. Preliminary documentation may be requested to facilitate further planning, such as sample selection, prior to the onsite visit. To the greatest extent feasible, documentation on-hand should be reviewed prior to the monitoring engagement to maximize the time available for reviewing documents during the visit. Such documentation may include the following:

- Active written agreements with the Monitored Entity;
- Progress and performance reports;
- Drawdown requests;
- Documentation of previous monitoring(s), including open findings;
- Copies of any audit reports of the entity/program; and
- Any documentation requested and received from the Monitored Entity.

Any potential deficiencies or evidence of non-compliance identified from the review of documentation prior to the engagement will be incorporated into the monitoring strategy.

Fieldwork

During the fieldwork stage, ODR will conduct an entrance conference with the appropriate representatives to explain the purpose of review. During the meeting, ODR Compliance will:

- Explain the purpose, scope and schedule of the Monitoring Event;
- Confirm key personnel that will assist during the monitoring;

- Determine the times for interviews of key personnel, including the times for key personnel to be available to answer questions about files, if necessary;
- Schedule physical inspections, if applicable; and
- Verify the programs to be reviewed and how access to file will be granted.

Thereafter, ODR should receive access to all documents requested in the notification letter and the sample of files selected for review. ODR will use the monitoring checklists identified during the planning phase to perform the review. The checklists will be completed by ODR throughout the monitoring event, including the notes related to the file review and interviews with key personnel.

Throughout the engagement, the monitoring staff will maintain an on-going dialogue with the program/project staff. This communication will keep the ODR staff informed as to how the monitoring is progressing, enable discussion of any problem areas encountered, and provide the program/project team an opportunity to present additional information regarding preliminary findings and concerns. This will also minimize the potential for surprises during the exit conference or in the Monitoring Report.

At the conclusion of the monitoring review, ODR will conduct an exit conference with key personnel to discuss preliminary findings and concerns. This meeting includes the following objectives:

- To present preliminary results of the monitoring visit and establish a clear understanding of the results of the monitoring review and next steps;
- To provide an opportunity for the program/project team to correct any misconceptions or misunderstandings;
- To secure additional information to clarify or support the position of the program/project team; and
- To provide an opportunity for the program/project team to report any steps taken to correct any deficiencies identified throughout the monitoring review.

During the exit conference, the monitoring team will also communicate next steps with the program/project staff and establish timelines for corrective actions, if necessary. All stakeholders should have a clear understanding of the monitoring results at the conclusion of the fieldwork phase. If any additional items are identified after fieldwork is complete that affect the final report, the program/project staff should be made aware prior to the issuance of the report.

Reporting

Once fieldwork is completed, a monitoring report will be prepared summarizing the result of the monitoring review. The report should correspond to items discussed during the exit conference. Monitoring reviews may result in:

- **Findings** – issues that require immediate corrective actions by the program.
- **Concerns** – issues regarding the performance of programs or activities that may result in noncompliance if they are not addressed.
- **Observations** – issues which could lead to a concern or finding if not addressed, but there is not enough evidence at the time of the monitoring that would warrant a concern or finding.

The report will include recommended corrective actions that would remedy the identified deficiency or concern. The tone of the Monitoring Report should be positive and strike a balance between recognizing

the common goal of responsibly and effectively implementing CDBG-DR program(s) and reinforcing the needs and requirements to correct any deficiencies. If appropriate, the report should include significant accomplishments or positive changes to establish and/or maintain positive relationships and to recognize the dedication and commitment of the program/project staff to the program mission.

Response

The program/project staff have 30 days to respond to all findings in the Monitoring Report, unless an alternate timeline was specified in the report. The management response should include a plan and timeline for completing the required corrective actions, or proposals for alternate actions to remedy the situation. If issues are identified for corrective action, follow-up actions will be scheduled to track and record the progress of the resolution. The timing and frequency of the follow-up communication will be determined at ODR's discretion and should be based on the severity of the deficiency. All follow-up actions will be documented.

Once all findings and concerns have been remediated, ODR will issue a Clearance Letter to the program/project indicating that the issue has been closed. If in the course of finalizing the Monitoring Report, or during the monitoring visit, there was completion in addressing prior findings, the Monitoring Report may serve as the clearance letter, noting that the prior findings were resolved. All findings must be addressed prior to closure of the program/project.

ii. Fiscal Monitoring

ODR will perform fiscal monitoring reviews for all programs/projects that receive CDBG-DR funding. There are three events that trigger a fiscal monitoring review of a program and/or subrecipient:

- First draw request,
- Earlier of 25% or \$1 million of draw requests, and
- Final draw request

The monitoring process for fiscal monitoring mimics the process for programmatic monitoring. ODR will perform planning, fieldwork, reporting, and receive responses for any findings or concerns needing resolution that were noted in the final report.

iii. Technical Assistance

The ODR Compliance and Reporting Unit will continuously identify areas of opportunity to provide technical assistance (TA) where needed. The objective of technical assistance is to ensure compliance with Federal and State regulations and program requirements. The nature and extent of TA will be determined at the discretion of ODR's Compliance Team. Some examples of TA will include:

- Verbal or written advice;
- Formal training; and/or,
- Documentation and guidance.

When deficiencies are identified through monitoring activities, TA may be required to assist in the resolution of the deficiency. If similar deficiencies are noted for multiple entities, organized TA activities

may be coordinated. The training shall be coordinated between monitoring staff and program management staff, and training materials will be posted to the disaster recovery website for reference.

XI. Remedies for Non-Compliance

In accordance with 2 CFR 200.338 to .342, in the event that the program/project staff fails to correct identified deficiencies, ODR may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency by the program/project staff or more severe enforcement action by ODR.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspend or terminate the award.
- Recommend the Federal Awarding Agency initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations.
- Withhold further awards for the project or program.
- Take other remedies that may be legally available.

XII. Disaster Recovery Grant Reporting (DRGR) System Reporting

HUD's DRGR System was developed for the CDBG-DR program. The system is used by grantees to access grant funds and report performance accomplishments for grant-funded activities. The DRGR system is used by HUD staff to review grant-funded activities, prepare reports for Congress, and monitor compliance of grantees. As required by HUD, ODR will enter monitoring and TA events in the DRGR system. The monitoring events are created in DRGR after the exit conference and are updated for the issuance of the final report and the responses received from the program/project.

XIII. Record Retention

In accordance with 2 CFR 200.333, financial records, supporting documentation, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditures report. Under 24 CFR 490(d), the State is required to retain records for three years from the time of closeout of HUD's grant to the State, or the period required by other applicable laws and regulation. However, the ODR has opted to follow guidance outlined in the Department of Financial Services – Reference Guide for State Expenditures which states “the originating agencies are required to maintain the original vouchers, purchasing card transaction receipts and all supporting documentation for a minimum of five fiscal years, provided all applicable audits have been

completed." As such, ODR will retain all applicable monitoring documents for a minimum of five years after the closeout of the grant, as to ensure they stay in compliance with retention requirements.

All materials created and utilized for monitoring purposes shall be public record, except for PII and/or other materials, information or records that are specifically exempt from disclosure under applicable federal or state law.

Before mailing/e-mailing, all signed monitoring letters with attachments must be scanned and saved to the shared drive.

Within one week of on-site monitoring, digital copies of all monitoring documentation (forms, checklists, and materials copied on-site) shall be saved on the shared drive.

XIV. Communication to Staff

The Monitoring Plan and each subsequent update will be saved to an internal network and forwarded to the appropriate ODR staff and will also be made available on ODR's website at www.floridajobs.org/CDBG-DR.

XV. Certification

This Monitoring Plan formalizes the process by which the ODR conducts its compliance monitoring for all projects funded under the CDBG-Disaster Recovery Program.



7/7/2020

Jamie McNease

Compliance and Reporting Manager

Florida Department of Economic Opportunity – Office of Disaster Recovery