

INTRODUCTION

- ❖ **Purpose:** The OHHLHC Grants Management Desk Guide describes the Standard Operating Procedures (SOP) necessary for OHHLHC staff to perform assigned grants management duties and responsibilities. This Desk Guide establishes the OHHLHC grants management policies and procedures that supplement HUD Handbook 2210.17 Rev 2 for the award and monitoring of grants and cooperative agreements. The Desk Guide is designed to assist staff to:
 1. Promote and ensure grantee productivity and accountability;
 2. Ensure compliance with applicable statutes, regulations, and requirements of the Department and the Office of Healthy Homes and Lead Hazard Control;
 3. Evaluate grantee organizational and project performance;
 4. Assist grantees in the successful implementation of their grant program activities.

- ❖ **Context:** Government Technical Representatives (GTRs), Government Technical Monitors (GTMs), Division Directors, and Grant Officers play a pivotal role in the mission of the Office of Healthy Homes and Lead Hazard Control (OHHLHC). Among the most important functions in the Office is grants management. The grants management process is comprised of three major phases: pre-award/awarding of grants, monitoring of grants, and the close-out of grants. Each phase demands that the GTR, Division Directors, and Grant Officers collaborate to ensure the successful implementation of grantee program activities.

- ❖ **Desk Guide Organization:** This Desk Guide, structured according to the grants management process (i.e., life cycle of a grant), is organized into four parts as follows:
 - **INTRODUCTION** – Describes the purpose of the Desk Guide, the context for its purpose and use, the responsibilities of key personnel, overview of OHHLHC grant programs structure, overview of OHHLHC grant programs, overview of grant authority and uniform administrative requirements, and definitions of key terms.

 - **CHAPTER 1, PRE-AWARD / AWARD ACTIVITIES** - Describes pre-award and award activities including

program announcement (Notice of Funding Availability), proposal review and evaluation, and issuing of awards.

- **CHAPTER 2, GRANT ADMINISTRATION - MONITORING** – Describes the responsibilities of GTRs in monitoring recipient performance and the process by which grantees are evaluated against established requirements and grantee work plans.
- **CHAPTER 3, GRANT ADMINISTRATION - AMENDMENTS** – Describes the process and evaluation necessary for grant assistance award modifications.
- **CHAPTER 4, CLOSEOUT** – Describes the process by which HUD determines that all applicable administrative and project requirements have been completed by the recipient and HUD.
- **APPENDICES**
 - Appendix 1: Workout Strategy
 - Appendix 2: Overview of Grant Program Financial Components
 - Appendix 3: Applicant / Grantee Forms
 - Appendix 4: GTR Forms
 - Appendix 5: Administrative Procedures
 - Appendix 6: Notice of Funding Availability (NOFA)
 - Appendix 7: Lead Hazard Control Grant Program Policy Guidance Issuances
 - Appendix 8: Grant Authority
 - Appendix 9: Sample Letters

A. Requirements of OHHLHC Grants Management Staff

GTR: The GTR is responsible for:

- Monitoring the recipient's performance, including progress against the recipient's work plan, performance schedule, and budget;
- Determining relative "risk" status of each grantee;
- Reviewing the recipient's payment requests and financial reports;

NOTE

GTR responsibilities are outlined in HUD Handbook 2210.17 Rev 2.

- Comparing progress against expected performance – assuring timely performance;
- Evaluating the qualifications of any personnel that the recipient proposes to substitute for named key personnel;
- Providing technical direction;
- Documenting all evaluations;
- Establishing and maintaining a GTR working file;
- Re-delegating authority to a GTM, when appropriate;
- Providing a final written evaluation of the recipient's performance;
- Evaluating and recommending, when appropriate, grant modifications to the Grant Officer; and,
- As required, assisting the Grant Officer to resolve disputes or other problems.

In order for the GTR to conduct their specific duties and responsibilities, certain requirements must be met:

- **Training and Certification:** GTRs shall be knowledgeable in the grant assistance administration techniques, duties, and the limits of a GTR's authority. At a minimum, all GTRs are required to complete the Office of Procurement and Contracts (OPC) GTR training. This training is available online by accessing: <http://hudweb.hud.gov/po/arc/training/gtr/start.htm>.

GTR Grants Certification training is also provided to ensure that GTRs have the prerequisite knowledge, skills, and ability to perform these duties. Upon the successful completion of training, GTRs are certified to perform their grant program management duties.

- **Line of Credit Control System (LOCCS) Payment Authorization:** In order for GTRs to review and approve grantee requests for payments through LOCCS, GTRs must be authorized to view or make such payments. There are separate requirements for LOCCS query only and for LOCCS access beyond query. Specific instructions for LOCCS access are included in Appendix 4. To apply for LOCCS access, GTRs must complete the following forms:
 - For LOCCS Query Only:
 - Form HUD 27054-A, LOCCS

NOTE

LOCCS access request forms can be downloaded from:

<http://hudweb.hud.gov/po/f/systems/hudffs.htm>

Access Authorization Security Form for HUD Staff

- For LOCCS Access beyond Query:
 - Form HUD 27054-A, LOCCS Access Authorization Security Form for HUD Staff
 - Optional Form 306, Declaration of Federal Employment
 - SF-85P, Questionnaire for Public Trust Positions
 - SF-87, Fingerprint Chart
- **Travel:** In performing post-award technical and financial oversight and evaluation activities related to assigned grants, GTRs are expected to travel to conduct monitoring site visits and other technical assistance visits. GTRs may also be asked to participate in grantee meetings, conferences or other functions, where their presence and contribution will enhance grantee performance.

GTM: The GTM is responsible for:

- Serving as an advisor to the GTR; and,
- Carrying out any duties and responsibilities as re-delegated by the GTR.

Division Director: The Division Director is responsible for:

- Developing the grant program's annual monitoring plan based on GTR risk analyses;
- Providing quality control and assurance; and,
- Carrying out any duties and responsibilities as re-delegated by the GTR.

Grant Officer: The Grant Officer is responsible for:

- Negotiating and executing awards and amendments to existing awards;
- Determining allocability of cost for cost-reimbursement awards;
- Assuring interest earned on cash advances is remitted to HUD;
- Assuring that recipients account for proper use and accounting of program income;
- Assuring that recipients submit required organizational audits, and/or requesting Federal audits;
- Approving recipient budget and project revisions;
- Initiating and completing administrative closeout;

- Maintaining the official award master file; and
- Providing the GTR with copies of all correspondence issued by the Grant Officer to the recipient.

B. Overview of OHHLHC Grant Programs

Authority

The **Lead-Based Paint Hazard Control Program** is authorized by Section 1011 of Title X of the Housing and Community Development Act of 1992 (Public Law 102-550) (see Appendix 8), known as the Residential Lead-Based Paint Hazard Reduction Act.

The **Lead Outreach Grant Program** is authorized by Section 1011(e)(8) and (g)(1) of Title X.

The **Lead and Healthy Homes Technical Studies Program** is authorized by Sections 1011(g)(1), 1011(o), and 1051-1053 of Title X.

The **Operation Lead Elimination Action Program** is authorized under Division K of the Consolidated Appropriations Resolution of 2003, Public Law 108-7 (see Appendix 8).

The authority for the **Healthy Homes Demonstration Program** is Sections 501 and 502 of the Housing and Urban Development Act of 1970 and the Consolidated Appropriations Resolution of 2003, Public Law 108-7.

Structure

The **Lead Hazard Control Grants Division (LM)** operates the following grant programs:

- Lead-Based Paint Hazard Reduction
- Lead-Based Paint Hazard Control Demonstration Program
- Operation Lead Elimination Action Program

The **Healthy Homes Division (LH)** operates the following grant programs:

- Healthy Homes Demonstration
- Healthy Homes Technical Studies

The **Lead Technical Assistance Division (LS)** operates the following grant programs:

- Lead Technical Studies
- Lead Outreach

The **Compliance Assistance and Enforcement Division (LC)** does not currently operate a grant program.

The **Budget and Administrative Services Division (LA)** provides support in the administration of all grant programs.

Program Descriptions

Lead Hazard Control Grant Program (CFDA 14.900): The purpose of the Lead-Based Paint Hazard Control Grant Program is to assist States, Indian Tribes and local governments in undertaking comprehensive programs to identify and control lead-based paint hazards in eligible privately owned housing for rental or owner-occupants in partnership with faith-based and other community-based organizations.

The Lead-Based Paint Hazard Control Grant Program was authorized under Title X, Section 1011 of the Housing and Community Development Act of 1992 (Public Law 102-550). This section of the Act authorized a grant program for State and local governments for the evaluation and reduction of lead-based paint hazards in privately owned housing built before 1978 and occupied by low-income families. Specifically, the origins of the grant program were included in a provision that called for:

- Grants to States and units of general local government for the abatement of significant lead-based paint and lead dust hazards in low- and moderate-income owner-occupied units and low-income privately owned rental units;

Funding Round	Grants Awarded	Grant Award Amount	Units in Grant Agreement
Round 1	10 Local Grantees 4 State Grantees 6	\$ 47,572,757.00	2,985
Round 2	19 Local Grantees 12 State Grantees 7	\$ 92,819,282.00	8,879
Round 3	35 Local Grantees 26 State Grantees 9	\$ 139,266,987.00	10,502
Round 4	20 Local Grantees 16 State Grantees 4	\$ 54,418,741.00	5,787
Round 5	25 Local Grantees 23 State Grantees 2	\$ 49,895,033.00	4,113
Round 6	21 Local Grantees 17 State Grantees 4	\$ 50,000,000.00	5,356
Round 7	22 Local Grantees 17 State Grantees 5	\$ 63,680,382.00	5,709
Round 8	25 Local Grantees 24 State Grantees 1	\$ 59,999,600.00	7,914
Round 9	23 Local Grantees 21 State Grantees 2	\$ 59,000,000.00	6,756
Round 10	45 Local Grantees 40 State Grantees 5	\$ 86,103,942.00	7,861
TOTALS	245	\$ 702,756,724.00	65,862

- Grant funds shall be available only for projects conducted by contractors certified and workers trained through a federally- or State-accredited program;
- States and units of general local government must demonstrate the capability to identify significant-hazard housing units, to oversee the safe and effective conduct of the abatement, and to assure the future availability of abated units to low- and moderate-income persons.

The grant program has grown as a result of ten rounds of funding through fiscal year 2002 to 245 grants totaling \$703 million to state and local governments in 37 states (including the District of Columbia). Over 66,000 housing units are to be made lead-safe with this funding. The table above provides a breakdown of the ten lead hazard control grant funding rounds.

Although the grant program has evolved since these origins, our primary focus has always been to reduce the exposure of young children to lead-based paint hazards in their homes. To accomplish this goal, the core objectives of the Lead Hazard Control Grant Program include:

- Implementation of a national strategy, as defined in Title X of the Housing and Community Development Act of 1992 (42 U.S.C. 4851 *et. seq.*), to build the community's capacity necessary to eliminate lead-based paint hazards in housing, as widely and quickly as possible by establishing a workable framework for lead-based paint hazard identification and control;
- Mobilization of public and private resources involving cooperation among all levels of government, the private sector, and grassroots faith-based or other community-based organizations to develop cost-effective methods for identifying and controlling lead-based paint hazards;
- Development of comprehensive community approaches which result in integration of all community resources (governmental, grassroots faith-based or other community-based, and private businesses) to address lead hazards in housing;
- Integration of lead-safe work practices into housing maintenance, repair, weatherization, rehabilitation, and other programs that will continue after the grant period ends; and

- To the greatest extent feasible, promotion of job training, employment, and other economic opportunities for low-income and minority residents and businesses that are owned by and/or employ low-income and minority residents as defined in 24 CFR 135.5.

Lead Hazard Control Demonstration Program (CFDA

14.905): The Lead Hazard Control Demonstration Grant Program is designed to assist areas with the highest lead-based paint abatement needs in undertaking programs for abatement, interim controls, inspections, risk assessments, and temporary relocation in eligible privately-owned units and multifamily buildings that are occupied by low-income families. The areas selected have the highest number of pre-1940 units of rental housing and have a disproportionately high number of documented cases of lead-poisoned children.

Healthy Homes Demonstration Program (CFDA 14.901):

The purpose of the Healthy Homes Demonstration Program is to develop, demonstrate and promote cost-effective, preventive measures to correct multiple safety and health hazards in the home environment that produce serious diseases and injuries in children. HUD is interested in reducing health threats to the maximum number of residents, especially children in low-income families, in a cost efficient manner.

Congress established the Healthy Homes Initiative in 1999 to “develop and implement a program of research and demonstration projects that would address multiple housing-related problems affecting the health of children.” Under the initiative, the OHHLHC awards grants to public and private organizations and works with other Federal partners to perform technical studies and demonstration projects that reduce housing-related health and safety hazards that pose risks to residents, particularly children in low-income families. HUD works closely with its Healthy Homes grantees as well as Federal partners to implement the Healthy Homes Initiative that include:

- the Centers for Disease Control and Prevention (CDC);
- the U.S. Environmental Protection Agency (EPA);
- the U. S. Department of Agriculture’s (USDA's) Cooperative State, Research, Education, and Extension Service (CSREES);
- USDA's Forest Products Laboratory;
- the National Institute of Science and Technology, and
- the National Institute of Environmental Health Sciences.

Four rounds of Healthy Homes grants have been awarded since 1999. In these rounds, \$31.5 million has been awarded to 41 grantees in 20 states, positively impacting the lives of tens of thousands of young children. In addition much of the Healthy Homes information generated by these grantees is available to the public on the OHHLHC website.

Healthy Homes grant activities include identifying ways to prevent or reduce the severity of childhood health problems related to substandard housing conditions, such as asthma, lead poisoning, and unintentional injuries. Core activities and outcomes of the healthy homes demonstration grantees includes:

- Development of assessment tools and interventions (mitigation methods) to repair housing-related hazards;
- Training to build capacity for “high performance” (energy efficient, durable, sustainable, and healthy and safe for occupants) housing construction/rehabilitation;
- Development of good practice guidance and protocols for assessments and interventions;
- Demonstration of new technologies; and
- Public education on healthy homes issues.

Healthy Homes demonstration projects address program objectives such as developing protocols (e.g., visual assessment, cleaning, interventions), method development, educational materials for children and adults, websites, and capacity building (e.g., training community health workers, interns, residents, and grantee staff to carry out healthy homes assessments and interventions). Some of the program objectives include:

- Identification of target areas and homes where interventions will occur;
- Identification and evaluation of effective methods of hazard abatement and risk reduction;
- Development of appropriately scaled, flexible, cost-effective and efficient intervention strategies that take into account the range of conditions likely to be encountered in older housing, and that maximize the number of housing units that receive an intervention;
- Development of methodologies for evaluating intervention effectiveness; and
- Development of local capacity in target areas and target groups to operate sustainable programs to prevent and

control housing-based hazards, especially in low and very-low income residences.

Healthy Homes and Lead Technical Studies Grant

Program (CFDA 14.902): The purpose of this grant program is to fund technical studies to improve methods for detecting and controlling lead-based paint and other residential health and safety hazards. The purpose of the Healthy Homes Technical Studies program is to improve our knowledge of housing-related health hazards, and to improve or develop new hazard assessment and control methods. The purpose of the Lead Technical Studies program is to improve methods for detecting and controlling residential lead-based paint hazards.

The Healthy Homes and Lead Technical Studies grants are authorized under Sections 1051 and 1052 of the Residential Lead Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992; Sections 501 and 502 of the Housing and Urban Development Act of 1970; and, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act.

The overall goal of the Healthy Homes and Lead Technical Studies program is to gain knowledge to improve the efficacy and cost-effectiveness of methods for evaluation and control of lead and other health and safety hazards in the home:

- Through the Healthy Homes Technical Studies Program, HUD is funding studies to improve our knowledge of housing-related health hazards, and to improve or develop new hazard assessment and control methods, with a focus on key housing-based hazards.
- Through the Lead Technical Studies Program, HUD is helping develop the capacity of eligible applicants to carry out activities under lead hazard control grant programs, by advancing the technology and increasing the effectiveness of workers on LHC projects, and helping develop improved methods for evaluating and reducing lead-based paint hazards in housing, and related topics.

Core activities of the healthy homes and technical studies grantees relate to the following topics:

- **Healthy Homes:**
 - Investigation of the epidemiology of housing-related hazards and illness and injury;
 - Development and assessment of low-cost test methods and protocols for identification and assessment of housing-related hazards;
 - Development and assessment of cost-effective methods for reducing or eliminating housing-related hazards;
 - Evaluation of the effectiveness of housing interventions and public education campaigns, and barriers and incentives affecting future use of the most cost-effective strategies; and
 - Investigation of the health effects on children living in deteriorated housing and the impact on their development and productivity.

- **Lead:**
 - Research on lead measurement and sampling methods;
 - Research on lead hazard assessment methods;
 - Lead Hazard Control Research;
 - Research on longer-term effectiveness of lead hazard control interventions; and,
 - Survey research.

Operation Lead Elimination Action Program (CFDA 14.903): The purpose of the Operation Lead Elimination Action Program (LEAP) is to leverage private sector resources to eliminate lead poisoning as a major public health threat to young children. Operation LEAP grant funds will be used to support non-profit and for-profit entities with substantial fundraising and/or leveraging skills to use those skills to mobilize substantial private sector resources for addressing lead hazards in housing. HUD is particularly looking for innovative or creative local, regional or nationwide fund raising and/or leveraging and mobilization strategies that can yield large amounts of contributions in a two-year time frame and increase awareness of lead hazards and abatement measures in the home. LEAP funds may also be used to eliminate lead-based paint hazards in low-income privately owned housing, which supplements the National strategy as defined by Title X of the Housing and Community Development Act of 1992 (42 U.S.C. 4851 et. seq.).

Lead Outreach Grant Program (CFDA 14.904): The purpose of the Lead Outreach Grant program is to develop and distribute outreach and educational materials in order to raise public awareness of childhood lead poisoning, its prevention and proper lead hazard control methods among at-risk communities and at-risk populations of children and workers in the housing maintenance or rehabilitation fields.

In particular, this program is designed to:

- Increase enrollment of low-income housing units for treatment via the HUD lead hazard control grant program or another lead hazard treatment program;
- Develop and distribute outreach and educational materials in order to raise public awareness of childhood lead poisoning, its prevention and proper lead hazard identification and control methods among at-risk communities and at-risk populations of children and workers in the housing maintenance or rehabilitation fields; and
- Encourage occupants to identify potential lead-based paint hazards and report them to property owners and managers, and public health and/or housing officials as appropriate.

C. Uniform Grant Administrative Requirements

The following is a list of operating policies and procedures for GTRs and grantees:

HUD Handbook 2210.17 Rev 2 (January 23, 1992) - Discretionary Grant and Cooperative Agreement Policies and Procedures (see Appendix 5)

This document establishes HUD policies and procedures to be used in awarding and administering discretionary grants and cooperative agreements. Government Technical Representatives (GTRs) are to maintain a copy of this Handbook as a Reference Guide in carrying out their assigned responsibilities. GTRs are to pay particular attention to Chapter 5 - Administration.

NOTE

HUD Handbook 2210.17 can be downloaded at:

http://www.hudclips.org/sub_nonhud/cgi/hudclips.cgi

HUD Handbook 1840.1 Rev 3 (February 1999) – HUD Management Control Program

This manual provides policies, procedures and guidance for carrying out an effective management control process within the Department. In discharging their assigned duties and responsibilities, staff needs to understand the concepts and strategies for conducting risk-based monitoring as described in Chapter 7 of this handbook. This Chapter prescribes that risk based concepts and strategies be incorporated in all plans and procedures for monitoring. Since conditions change over time, management needs to determine if management controls continue to effectively address new or changed risks. This is done by on-going monitoring activities, separate evaluations or a combination of both, utilizing a risk-based approach.

HUD Monitoring Desk Guide Training Edition (see Appendix 5)

This HUD monitoring Desk Guide serves as a tool for all grants management personnel in carrying out their monitoring responsibilities in managing program participants and administrative functions. The Desk Guide augments the Departmental monitoring policy defined in Chapter 7 of the Departmental Management Control Program Handbook.

HUD Reform Act Section 102 (42 U.S.C. 3545), Regulations Codified in 24 CFR Part 4, Subpart A, and Federal Register Notice 57 FR 1942)

The HUD Reform Act and HUD's implementation of the Act in the above noted CFR and Federal Register issuances contain a number of provisions designed to ensure greater accountability and integrity of financial assistance administered by HUD. Most important among the provisions are the documentation and public access requirements governing the application rating and ranking process, and applicant disclosure reports, and requirements to publish a notice in the Federal Register notifying the public of all funding decisions.

HUD Reform Act Section 103, Regulations Codified in 24 CFR Part 4, Subpart B (see Appendix 5)

Section 103 of the HUD Reform Act prohibits HUD employees from providing advance information to any person (other than an authorized HUD employee) concerning funding decisions or from otherwise giving any applicant an unfair competitive

advantage. These requirements are discussed in detail in subsequent sections of this Guide as they pertain to the processes and procedures being presented.

24 CFR Part 84 -- Grants And Agreements With Institutions Of Higher Education, Hospitals, And Other Non-Profit Organizations (see Appendix 5)

The regulations at 24 CFR Part 84 set forth uniform requirements for nonprofit organizations, including financial management systems, property standards, procurement standards, reporting and record-keeping.

24 CFR Part 85 – Administrative Requirements For Grants And Cooperative Agreements To States And Local Governments, And Federally Recognized Indian Tribal Governments (see Appendix 5)

These regulations set forth uniform requirements for Governmental entities, including financial management systems, procurement, reports and records, and grant close-outs for recipients of federal grant funding.

NOTE

24 CFR Parts 84 and 85 can be downloaded at:

<http://www.hud.gov/offices/cpo/grantees/cfr8440.cfm>

Office of Management and Budget (OMB) Circulars (see Appendix 5)

A-21 - Cost Principles for Educational Institutions: This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and do not attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

NOTE

OMB circulars can be downloaded at:

<http://clinton4.nara.gov/OMB/circulars/>

A-87 - Cost Principles for State, Local, and Indian Tribal Governments: This Circular establishes

principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).

A-102 - Grants and Cooperative Agreements with State and Local Governments (Implemented by 24 CFR Part 85): This Circular establishes consistency and uniformity among Federal agencies in the management of grants and cooperative agreements with State, local, and federally-recognized Indian tribal governments. In addition, it provides a uniform approach for determining allowable costs under federal grants and other agreements with states and local governments and Indian tribal governments.

A-110 - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (Implemented by 24 CFR Part 84): This Circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.

A-122 - Cost Principles for Non-Profit Organizations: This Circular establishes principles for determining costs of grants, contracts and other agreements with non-profit organizations. The principles are designed to provide that the Federal government bears its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of costs sharing or matching on grants, contracts, or other agreements. Provisions for profit or other increment above cost is outside the scope of this Circular. In addition, it is used to determine allowable costs under grants, contracts and other agreements with nonprofit organizations

A-133 - Audits of States, Local Governments, and Non-Profit Organizations (Implemented by 24 CFR Part 84 and Part 85): This Circular sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

D. Glossary of Grants Management Terms

Accrued expenditures: mean the charges incurred by the grantee during a given period requiring the provision of funds for:

- Goods and other tangible property received;
- Services performed by employees, contractors, sub-grantees, subcontractors, and other payees; and
- Other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

Administrative requirements: mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from programmatic requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

Awarding agency: means (1) with respect to a grant, the Federal agency, and (2) with respect to a sub-grant, the party that awarded the sub-grant.

Cash contributions: means the grantee's cash outlay, including the outlay of money contributed to the grantee or sub-grantee by other public agencies and institutions, and private organizations and individuals. When authorized by Federal legislation, Federal funds received from other assistance agreements may be considered as grantee or sub-grantee cash contributions.

Consolidated Plan: A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 which describes community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, and includes a lead-based paint element.

Equipment: means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Evaluation: means a risk assessment and/or inspection.

Expenditure report: means the SF-269 "Financial Status Report" (or other equivalent report).

Federally recognized Indian tribal government: means the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in Section 3 of the Alaska Native Claims Settlement Act, 85 Stat 688) certified by the Secretary of the Interior as eligible for the special programs and services provided by him through the Bureau of Indian Affairs.

Government: means a State or local government or a federally recognized Indian tribal government.

Grant: means an award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

Grantee: means the government to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.

Housing for the elderly: means retirement communities or similar types of housing reserved for households composed of one or more persons 62 years of age or older at the time of initial occupancy.

Inspection, or lead-based paint inspection: means, in accordance with 40 CFR 745:

- (1) A surface-by-surface investigation to determine the presence of lead-based paint, and
- (2) The provision of a report explaining the results of the investigation.

Lead-based paint: means paint or other surface coatings that contain lead equal to or in excess of 1.0 milligram per square centimeter or 0.5 percent by weight.

Lead-based paint free housing: means target housing that has been found to be free of paint or other surface coatings that contain lead equal to or in excess of 1.0 milligram per square centimeter or 0.5 percent by weight.

Lead-based paint hazard: Lead-based paint hazard means hazardous lead-based paint, dust-lead hazard or soil-lead hazard as identified by the U.S. Environmental Protection Agency in 40 CFR 745.65.

Local government: means a county, municipality, city, town, township, local public authority (including any public and Indian housing agency under the United States Housing Act of 1937) school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under state law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

Low-Income Families: Families whose annual incomes do not exceed 80 percent of the median income for the area (adjusted for family size).

Match: Match is the grantee's contribution to a grant Program - the local, non-Federal contribution to the partnership. The grantee's match contribution, if any, is specified by the NOFA. For example, for the LHC Grant Program, the match must equal not less than 10 percent of the total federal grant amount.

Notice of Funding Availability (NOFA). A notice, published in the Federal Register, announcing the availability of HUD assistance.

Obligations: means the amounts of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

OMB: means the United States Office of Management and Budget.

Outlays (expenditures): mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and

payments made to contractors and sub-grantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, sub-grantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Owner: means any entity that has legal title to target housing, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations, except where a mortgagee holds legal title to property serving as collateral for a mortgage loan, in which case the owner would be the mortgagor.

Prior approval: means documentation evidencing consent prior to incurring specific cost.

Program Income: Gross income received by the grantee, state recipient, or a subrecipient directly generated from the use of grant funds or matching contributions.

Real property: means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

Reduction: means measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls and abatement.

Residential dwelling, or dwelling unit, means:

- (1) A single-family dwelling, including attached structures such as porches and stoops; or
- (2) A single-family dwelling unit in a structure that contains more than one separate residential dwelling unit, and in which each such unit is used or occupied, or intended to be used or occupied, in whole or in part, as the residence of one or more persons.

Risk assessment: means an on-site investigation in accordance with 40 CFR 745 to determine and report the

existence, nature, severity, and location of lead-based paint hazards in residential dwellings, including:

- (1) Information gathering regarding the age and history of the housing and occupancy by children under age 6;
- (2) Visual inspection;
- (3) Limited wipe sampling or other environmental sampling techniques;
- (4) Other activity as may be appropriate; and
- (5) Provision of a report explaining the results of the investigation.

Selecting Official: The HUD official with authority for policy, award, and administration of discretionary grants and cooperative agreements within one or more HUD organizational elements.

State: means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments. The term does not include any public and Indian housing agency under the United States Housing Act of 1937.

Sub-grant: means an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible sub-grantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of grant in this part.

Sub-grantee: means the government or other legal entity to which a sub-grant is awarded and which is accountable to the grantee for the use of the funds provided. Supplies means all tangible personal property other than equipment as defined in this part.

TSCA: means the Toxic Substances Control Act, 15 U.S.C. 2601.

Target housing: means any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than 6 years of age resides or is expected to reside in such housing) or any 0-bedroom dwelling.

Terms of a grant or sub-grant: mean all requirements of the grant or sub-grant, whether in statute, regulations, or the award document.

Title X: means the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992 (Public Law 102-550). Title X amended the Lead-Based Paint Poisoning Prevention Act of 1971 (42 U.S.C. 4821-4846). Major portions of Title X for HUD are found in the United States Code at 42 U.S.C. 4822 and 4851-4856. The portions of Title X for the U.S. Environmental Protection Agency are found at 15 U.S.C. 2681-2692.

Very-Low-Income Families: Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).

0-bedroom dwelling: means any residential dwelling in which the living area is not separated from the sleeping area. The term includes efficiencies, studio apartments, dormitory housing, military barracks, and rentals of individual rooms in residential dwellings.

Un-obligated balance: means the portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized.

Unsolicited Proposal: A request for HUD funding that is not submitted in response to a NOFA.

CHAPTER 1: PRE-AWARD / AWARD ACTIVITIES

- ❖ **Purpose:** This chapter presents activities related to funding announcements, reviewing of applications, and making awards. A discussion of the environmental review release of funds is also provided since HUD regulations require that environmental reviews be completed prior to undertaking either lead hazard identification and control activities funded under the Lead Hazard Control Grant Program or associated activities funded from other sources.
- ❖ **Context:** The grants management process starts with review and subsequent awarding of proposals. The OHHLHC makes grants and cooperative agreement awards based on: 1) applications submitted in response to a Notice of Funding Availability (NOFA); or 2) an unsolicited proposal.

A grantee's work plan and budget are integral to the grant assistance award. The grantee's activities, goals, milestones, and objectives delineated in their work plan become the basis for how their progress will be measured by GTRs during the grantee's implementation of their program activities. In developing the work plan and budget, the grantee describes how it and its partners will complete the proposed work in a timely manner. It is critical that GTRs ensure that the grantee clearly spells out the work activities and schedule required to implement, and successfully complete, their programs so that production and expenditures remain on schedule.

❖ **Summary of Responsibilities:**

GTR	<ul style="list-style-type: none"> • assist the Grant Officer in pre-award negotiation of grant agreement • provide guidance to grantees in developing their work plan and budget, as well as guidance in program development and implementation consistent with benchmark performance standards or milestones • review and approve grantee work plan that becomes part of the Grant Agreement • make budget recommendations to the Grant Officer
Division Director	<ul style="list-style-type: none"> • provide quality control and assurance
Grant Officer	<ul style="list-style-type: none"> • process and execute awards

A. Pre-Award Activities for Applications submitted in Response to a Notice of Funding Availability (NOFA)

HUD uses NOFA's, published in the Federal Register, to announce the availability of program funds and the requirements for competing for the available funds (see Appendix 6 for sample pages of the FY2003 NOFAs). The OHHLHC's NOFA is usually published in the SuperNOFA along with the Department's other competitive grant program NOFAs. The NOFA describes the purposes of the programs, spells out the parameters and conditions under which the grant program will be run, sets forth the specific procedures and requirements to apply for funding, and establishes eligibility criteria as well as criteria against which applications will be evaluated.

GTRs and GTMs may be called upon to participate in developing the Office's Notice of Funding Available (NOFA). GTRs and GTMs may assist in drafting, reviewing and processing the NOFAs. The following provides a synopsis of the development process leading up to the publication of the NOFA in the Federal Register.

- The initial draft of the NOFA is prepared using the prior year published NOFA as the basis. Proposed changes to

the NOFA are made using the MS Word redline/strikeout tool.

- The draft NOFA is circulated for internal clearance among OHHLHC staff and management for where changes are proposed.
- A final draft copy is forwarded to the Office of General Counsel (OGC) by the Office Director.
- OGC places the NOFA into Departmental clearance for concurrence or non-concurrence comments (with a “drop dead” date for response).
- Concurrence and non-concurrence comments are resolved and incorporated into a final draft NOFA that is submitted by the OHHLHC Office Director to OGC (a copy is forwarded to the Departmental Grants Management Office (DGMO)).

i. Publication of NOFA

After receiving Departmental clearance, the NOFA is submitted to the Office of Management and Budget for final clearance and publication in the Federal Register. At the time of publication in the Federal Register the NOFA is posted on the HUD website and OHHLHC website. All supporting materials (forms required for the application and reference materials) are also posted on these sites.

Federal and other HUD partners are notified.

ii. Satellite Broadcasts

At the time of NOFA publication, HUD offers two satellite broadcasts, one to HUD staff and a second to potential applicant organizations. The internal satellite broadcast is usually a short presentation that describes to HUD staff in Headquarters and Field Offices changes in the current NOFA relative to the NOFA published for the previous Fiscal Year.

The external broadcast is aired after the NOFA is published in the Federal Register. This broadcast is more comprehensive, providing details about OHHLHC's programs, purpose and objectives of the NOFA, eligible applicants and activities, rating factors and procedures for submission of applications.

iii. Technical Assistance & HUD Reform Act Restrictions

GTRs may provide assistance to applicants about the process of applying for a grant, e.g., location of forms, submission of

application, etc. Under Section 103 of the HUD Reform Act, HUD employees are prohibited from disclosing certain information during the selection process to persons within or outside of the Department who are not authorized to receive that information. Its purpose is to preclude giving an unfair advantage to applicants who would receive information not available to other applicants or to the public. Section 103 also authorizes the Department to impose a civil money penalty on a HUD employee who knowingly discloses protected information. GTRs should know that the selection process begins when the Office makes a written request (which includes the selection criteria to be used in providing the assistance) to the Office of General Counsel (OGC) to prepare the NOFA. The period includes the evaluation of applications, and concludes with the announcement of the selection of award recipients. GTRs shall not provide technical assistance about concepts, content or preparation of an application. For further information on permissible and impermissible disclosures please refer to 24 CFR Part 4, Subpart B. OGC's Ethics Law Division is available to answer questions about Section 103 requirements.

iv. Establish the Application Review Panel

Applications are reviewed and scored by members of the Application Review Panel (ARP). The Division Director identifies a GTR to serve as the Chair of the ARP; the Chair identifies members to serve on the ARP to review and score applications. (Note: The terms ARP and SEB are synonymous.

Voting members are usually HUD staff, but may be staff from Federal partners, such as EPA or CDC. All ARP members, including non-HUD Federal staff, must submit and receive an affirmative review by the Ethics Law Division of the Office of General Counsel of a Confidential Financial Disclosure Report (form OGE-450) and the *Conflict of Interest and Non-Disclosure of Protected and Non-Public Information Certification for Employees* certification (see Appendix 4).

The ARP also has advisory members. As needed by the ARP, advisory members may review and discuss applications, answer substantive and procedural questions, and provide related assistance to the ARP. Advisory members include the Deputy Director, the grant program's Division Director (if not already on the ARP), staff from the Office of General Counsel's liaison office

NOTE

Procedures related to the ARP are contained in the HUD Handbook, 2210.17 REV 2.

All ARP members are required to complete the Confidential Financial Disclosure Report (form OGE-450) and sign the Conflict of Interest and Non-Disclosure of Protected and Non-Public Information Certification for Employees certification.

to OHHLHC, and, as applicable, other OHHLHC staff involved with the grant program, and staff from other HUD Offices.

Advisory members may also include Federal partners whose participation has been approved by the Ethics Law Division as described above, and non-Federal persons whose participation as Special Government Employees for purposes of advising the ARP has been approved by the Ethics Law Division. (In addition to the approval process above, these persons are hired with or without compensation as appropriate; this process is managed by the Budget and Administrative Services Division.) When non-Federal advisory members review applications, their scores are considered by the Federal ARP team members subject to acceptance as is, acceptance with changes by the Federal team members, or rejection by the Federal team members. Subsequently, this consideration of the scores of non-Federal advisory members is repeated by all of the voting Federal ARP members.

When voting members and advisory members are identified, the Chair of the ARP drafts a memo through the Office Deputy Director to the Office Director for approval. A sample ARP appointment memo is provided in Appendix 9.

v. Intake of Applications

When applications are received at OHHLHC, grant applications are logged according to the procedures outlined for each respective grant program. The intake procedure includes ensuring that applications are postmarked and/or received on or before the application deadline and that the applications meet the submission requirements outlined in the NOFA. This process includes logging applications into a database using information provided by the applicant on Form HUD-424 (e.g., legal name, authorized representative, address, federal request).

vi. Threshold Review

Prior to being submitted to the ARP for scoring, each application undergoes a Threshold Review to ensure completeness and consistency in the application. During the Threshold Review, ARP members and/or advisors review applicant forms to ensure that consistent information is provided to HUD and deficiencies are noted on a Threshold Review checklist that is completed for each application. The Threshold Review checklist is developed for each NOFA to reflect required elements of the application (see appendix 4). The Threshold Review pertains only to minor

deficiencies (such as entries on forms submitted with the application) that are correctable. Major deficiencies may not be addressed in the Threshold Review. Therefore, additional required materials relevant to the narrative may not be submitted to HUD after the application due date. Examples of items screened in the Threshold Review include consistency in amounts proposed for funding provided in the cover letter, and HUD 424 and HUD 424 C. The General Section of the SuperNOFA further defines what may be considered a correctible deficiency. If an application is found to be deficient, the applicant is notified of the deficiency and is given 14 working days to submit the correct documentation to HUD.

vii. Reviewer Evaluation Forms

The Chair of the ARP is charged with developing an Application Reviewer Evaluation Form (see Appendix 4) that establishes the criteria by which ARP members evaluate and score applications. ARP voting members review and provide comments on the Reviewer Evaluation Form before finalizing and approving the form for use during the review process. The Reviewer Evaluation Form, generated upon requirements presented in the NOFA for each Rating Factor, serves as a template for rating the technical strengths and weaknesses of an application. Although Reviewer Evaluation Forms differ across programs in OHHLHC, all forms rate the comprehensiveness of the applicant's response to each Rating Factor. In the past, rating factors evaluating an applicant's capacity, need, soundness of approach, leveraging resources, and sustainability were used. The criteria used to evaluate each of these factors vary among the OHHLHC grant programs.

viii. Application Review – Rating and Scoring of Applications

The Chair of the ARP designates review teams, assigns applications to ARP members for review and distributes the applications to ARP members. Two or more ARP members form a team and independently review, identify, and document strengths and weaknesses, and score each sub-element of the same application.

ix. Team Meeting for Final Evaluation and Score of Application

After an application is independently reviewed, the review team members meet to discuss the application. (Typically, several

applications are discussed at each team meeting.) During this review, team members compare their scores for each sub-element of the Rating Factors. At this time, ARP members may elect to adjust their scores based upon the discussions. The adjusted scores are averaged to arrive at a final score for the application. As part of arriving at the final score, ARP members must document strengths and weaknesses for the application as a whole. These strengths and weaknesses will be used to debrief unsuccessful applicants. The strengths and weakness for all applications reviewed and evaluated must be retained as part of HUD Reform Act requirements for documenting the basis for all funding decisions.

x. Calibration Review (Optional)

The ARP Chair may decide to establish a calibration review process for an OHHLHC grant program to ensure consistency in application scoring across the ARP. The Chair of the ARP facilitates a calibration review by selecting two different applications that were previously evaluated and scored. The ARP Chair will distribute copies of each application to selected ARP members. ARP members will independently review both applications, then meet to discuss the applications from the standpoint of strengths/weaknesses of each rating factor. They will discuss their rationale in scoring each sub-element and compare scores for the application in order to reach consistency (but not identical scoring) among reviewers.

xi. ARP Report

One member of each team provides final scores for all applications to the Chair of the ARP. The Chair then convenes a meeting with all members of the ARP to discuss applications that are competitive (scored above the value established in the NOFA for consideration for funding). The entire ARP reviews the scores of all applications that are in the competitive range and makes recommendations for awards of the highest scoring applications. The recommendations may be for either full or partial funding, and, for some grant programs, for either the full duration requested or a shorter duration.

After all applications are evaluated and scored and the ARP makes their recommendation, the Chair of the ARP prepares a draft ARP report in preparation for briefing the Deputy Director on the results of the ARP process. Upon receipt of the Deputy Director's advice, the ARP Chair prepared a final report through the Deputy Office Director to the Office (see Appendix 9). The

memorandum lists all applications received, scores of individual applications and funding requested. The scoring process is discussed, and recommendations are made and justified for awarding and funding grants. The memorandum of appointments to the ARP, Reviewer Evaluation form and Project Descriptions and Evaluations are attached to the ARP Report. All members of the ARP sign this memorandum. Further, space is specifically allocated in the ARP report for the Selecting Official to document his agreement or disagreement with ARP funding recommendations and his resulting funding decisions.

B. Award Activities for Applications submitted in Response to a Notice of Funding Availability (NOFA)

The OHHLHC Office Director is the selecting official. The Office Director reviews the ARP Report and (1) approves the ARP's funding recommendations or (2) exercises his authority to make alternative funding decisions. The Selecting Official uses the designated space provided in the report to document his decisions and then signs and dates the ARP report.

i. Documenting All Funding Decisions

After the Selecting Official reviews the ARP's final report, the Selecting Official prepares a written selection statement to the Grants Officer, which incorporates the ARP's final report along with his final funding decisions. The ARP final report and attachments become part of the administrative NOFA master file retained by the Administrative and Budget Division. The attachments include the funding decision documentation, Notice of Funding Availability, ARP Appointment Letter, ARP Meeting Minutes, Reviewer Evaluation Sheets, Threshold Review Requirements, Minor Deficiencies Letters, Award Letters, Denial Letters, List of All Applicants, Applicant Score Ranking Sheets and ARP Final Team Scores.

Once the period for receiving proposals is closed, and after the ARP has logged receipt of all grant proposals, the ARP Chairperson gives all the "true" original proposals to the Grant Officer. The Grant Officer creates a master competition file and secures all the originals in a locked file cabinet until the Selecting Official makes the final selection statement.

Upon receiving the Selecting Official's final selection statement the Grants Officer takes responsibility for the retention and retirement of all unsuccessful proposals and all ARP and

Selecting Official documentation in the master competition file. All applications must be retained for a minimum period of five years. Further, the Grants Officer establishes the Office's official grantee files for successful proposals, taking responsibility for the retention and retirement of these files as well. These too must be retained for a minimum of five years beginning 30 calendar days from the date of award. GTRs will establish and retire GTR files for the successful applicants.

The Grants Officer will send the official files to the Federal Records Center, where the files will be retained for a period of six years and three months from the date of final payment.

Once assigned to a grant, the GTR establishes, maintains, and retires the GTR official file. See Section ix below for information regarding GTR file protocol.

ii. Safeguarding Grant Selection Information

All Office employees are reminded of the importance of protecting sensitive selection information from unauthorized disclosure during the entire NOFA development and grant selection process. These requirements are outlined the HUD Reform Act of 1989, 42 U.S.C. § 3537a to ensure that the competition for HUD's grant award programs is conducted fairly.

An important feature of this statute is Section 103, which states:

- During any selection process, no officer or employee of the Department of Housing and Urban Development shall knowingly disclose any covered information regarding such selection, directly or indirectly, to any person other than a person authorized by the Secretary to receive such information.

Under Section 103, HUD employees are required to protect "covered selection information" from unauthorized disclosure during the course of the selection process. Section 103 helps to ensure the integrity of our grant competitions by allowing HUD to control the flow and timing of information from the Department to applicants. The goal is to prevent a situation in which certain applicants have a competitive advantage because they were able to obtain selection information that was not available to the general public. The key points covered in the memorandum are:

- What information must be protected?
- Who is included within the scope of the restriction?
- What information can I disclose?
- How long must I safeguard selection information?
- What are the penalties for unauthorized disclosure of protected information?
- Where can I get additional information?

iii. Congressional and Intergovernmental Relations, and Public Affairs Memorandum

The Chair of the ARP prepares a memorandum for the selecting official to send to the Deputy Assistant Secretary for Congressional and Intergovernmental Relations, (copy to the Office of Public Affairs) that details the selection of successful applicants under the NOFA competition (see Appendix 9). The memorandum includes the following information for each successful applicant: the grantee organization and location, grant amount, the period of performance, the grant program name and component, if applicable, (e.g., Healthy Homes Technical Studies, Lead Hazard Control, etc.), a brief description of the project (approximately 5 sentences), contact information for the grantee's Project Manager, and a brief grant abstract (based on the application's abstract). An example of the Congressional and Intergovernmental Relations memorandum is provided in Appendix 2.

iv. Award Notification Letters

The Chair of the ARP assists the Grants Officer in preparing award notification letters to each of the successful applicants. The award letters congratulate the applicant and indicate the amount of funding to be awarded, and other grant administration details. An example of an award letter is provided in Appendix 9.

v. Unsuccessful Applicant Letters

The Chair of the ARP assists the Grants Officer in preparing letters to each of the unsuccessful applicants. These letters provide information on the number of applications received, the total amount of funding proposed by all applicants, and instructions for obtaining a debriefing according to the procedures outlined in the NOFA. An example of an unsuccessful letter is provided in Appendix 9.

vi. Debriefings

HUD's policy is to offer to debrief unsuccessful applicants upon written request by the applicant so that they may be advised of their application's strengths and weaknesses. This policy is articulated further in the General Section of the NOFA but generally requires that debriefing requests be made in writing by the authorized representative for the applicant. Debriefing information includes, at a minimum, the final score for each rating factor, final evaluator comments for each rating factor, and the final assessment indicating the basis upon which assistance was provided or denied. OHHLHC Division Directors ensure that debriefings are provided upon the written request of an applicant.

The debriefing summarizes the strengths and weaknesses of the application with respect to the rating factors. Suggestions for improvement can be provided, and a range of questions can be answered. Discussion of the scores given by the reviewers, the characteristics or ratings of other applications, or comparisons of the applicant's proposal to other proposals is not permitted.

vii. Negotiation and Execution of Grant Awards

The Division Director selects GTRs and/or GTMs for each grant awarded. The GTR/GTM review the grant application and consults with members of the ARP review team responsible for identifying and documenting the strengths/weakness of the application. The review and analysis of this material in consultation with the review team members will help the GTR determine whether a revised work plan and/or budget needs to be submitted before they complete their assessment of the grantee (see Appendix 4). Developing a detailed GTR evaluation of the grant application will provide significant direction to the Grant Officer during the negotiation of a grant agreement. The GTR participates in the negotiations conducted by the Grant Officer. During this negotiation process, successful applicants are required to submit a budget and work plan based on feedback from the GTR or Grant Officer. Although the final work plan and budget is not due until 60 days after the effective start date of the grant, the development of the grantee work plan and budget begins during the award phase. Proper planning of the work plan and budget is critical. The grantee's activities, goals, milestones, and objectives delineated in their work plan become the basis for how their progress will be measured by GTRs during the grantee's implementation of their program activities.

➤ *Development of Grantee Work Plan and Budget*

The grant award package requires the submission of a detailed work plan including production objectives, performance benchmarks and supporting budget within 60 calendar days after the effective start date of the grant. This plan shall revise and update the general plan submitted with the proposal and include any negotiated changes to the work plan or budget if applicable.

The work plan and any revisions are subject to review and approval by HUD. After approval by the GTR, the work plan and any revisions are incorporated as part of the grant Assistance Award.

The work plan describes how the grantee and its partners will complete the proposed work. It also establishes specific schedule milestones and performance responsibilities, as well as the rate of projected expenditures over the life of the grant. This document serves as the primary reference point for “what work should be accomplished?” and “when?”

➤ *GTR Evaluation of the Grantee Work Plan*

When reviewing submitted work plans and budgets, GTRs need to ensure that the grantee clearly spells out the work activities required to implement, and successfully complete, their programs in a timely manner so that production and expenditures remain on schedule. Below are some key items requiring attention during the review and approval of these plans. GTRs should ensure that the grantee work plans:

- Include a schedule(s) showing how and when staff activities will be coordinated with partner activities;
- Include a schedule for when the grantee will measure program progress and who will be responsible for performing this work;
- For the Lead Hazard Control Program - establish a per-unit production schedule showing the estimated elapsed time to process a single unit from intake to final clearance, along with an estimate of the staff and contractor time required;

NOTE

The work plan is developed according to the instructions and benchmark performance standards included in the Lead Hazard Control Grant Program Policy Guidance Number 2001-03 “Revised Quarterly Progress Reporting Requirements” dated October 1, 2001, as amended.

- Estimate the number of units the team (staff and contractors) can produce per quarter which reflects the benchmark standards developed by this Office;
- Provide guidelines, or some representation (i.e., flow-charts) reflecting agency/partner responsibilities for each step in the process (e.g., from intake to clearance) and how coordination and hand-offs are handled;
- Include a discussion of the activities (e.g., an assessment) to identify the cause of, and remedy performance shortfalls (e.g., production bottlenecks); when these activities will be initiated; the project personnel responsible for initiating these activities; and, the project personnel responsible for monitoring implementation of required corrective actions;
- Provide sufficient evidence and details to demonstrate continuous monitoring of the program's or project's progress;
- For the Lead Hazard Control Program:
 - Include a discussion of the tools used to monitor the actual production status of each unit from intake to final clearance;
 - Reflect aggressive/proactive and innovative intake activities, particularly those that explore alternative sources of referral beyond those identified in the application, to ensure sufficient units are in the pipeline and ensure that a step-by-step outreach process had been developed to maintain contact with the property owner and residents throughout the intake/application;
 - Reflect an aggressive outreach program that involves firm commitments from community and faith-based organizations and that clearly delineates roles and responsibilities for all partners;
 - Provide sufficient evidence and details to demonstrate continuous monitoring of the application process to ensure that the responsible party acts upon the application within a reasonable timeframe;
 - Reflect inspection/risk assessment processes such that inspections/risk assessments are scheduled as soon as the grantee is confident the property and owner are qualified, rather than waiting for all the paperwork to be completed, to avoid delaying the intake process and building up inactive cases;

- Reflect risk assessment procedures that clearly identify, prioritize, and provide recommendations for treatment strategies, including alternatives, in a format that will facilitate the development of work specifications;
- Reflect highly integrated work processes/flows between the health partner and the housing partner to properly develop the work specifications, and to have sufficient project monitoring staff assigned to continuously oversee/monitor progress to resolve issues and ensure that work specifications and bid packages are timely prepared;
- Reflect flexible contracting strategies and procedures, allowing some freedom in the way LHC specifications are written and bid to minimize and expedite the time required to make awards, and close owner and contractor agreements.

After review of the work plan and budget, the GTR prepares a GTR evaluation using the GTR Evaluation Checklist for New Grants (see Appendix 4) and submits this evaluation; along with recommendations for budget or work plan revisions to the Division Director. The Division Director will review the GTR Evaluation for quality control and provide feedback to the GTR on the evaluation. The completed GTR Evaluation is then sent from the GTR to the Grants Officer.

The Grants Officer refers to the GTR Evaluation during the process of negotiating the grant with the Grant Project Manager. The GTR and Grants Officer work together with the grantee to negotiate the award. The Grants Officer sends the Grant Assistance Award to the grantee, which signs and returns the Grant Assistance Award to the Grants Officer.

➤ *GTR Evaluation of the Grantee Budget*

The NOFA and grant award package both provide budget worksheets and information for the grantee to develop the required budget summary, total budget and match, including supporting materials. The GTR reviews the budget to ensure that costs are reasonable and leveraged funds are accurate and reflect firm commitments from partners (rather than just positive opinions of the project or potential contributions).

For the Lead Hazard Control Grant Program:

- Grantees must provide a matching contribution of at least 10% of the requested grant sum. This may be in the form of a cash and/or in-kind contribution.
- Grantees must meet established minimum percentages allocated for direct lead hazard control activities. Established minimum percentages vary for a particular funding year. The grantee should provide the GTR with information to ensure that this requirement is met. If not easily determined in reviewing the budget, the grantee is expected to provide a cost breakdown for the direct lead hazard control activities of paint inspection/risk assessments, LHC interventions and clearance testing.
- Grantees must meet established minimum percentages allocated for the creation of a workforce properly trained in lead-safe work practices and which is available to work in HUD assisted housing units being treated under the provisions of the HUD Lead-Safe Housing Rule (24 CFR Part 35, et al). Grantees that propose to use less than 2% of the Total Federal amount shall present evidence that "currently in place" is a workforce that is sufficient in size and is properly trained to carry out the work of the LHC grant and the HUD Lead-Safe Housing Rule.
- For any individual subcontract, sub-grant or sub-grantee that will receive greater than the 10% of the Total Federal Budget, the grantee must submit an individual budget or cost proposal breakout for each subcontract, sub-grantee or sub-grantee exceeding this 10% limitation.

viii. Grant Award

The Grants Officer executes the Grant Agreement (HUD-1044 – see Appendix 3) that has been signed by the Grantee, and provides a conformed copy of the Award with both signatures to the GTR. The conformed copy includes contractual information and the Work Plan.

ix. GTR Grantee Files

The GTR sets up a GTR Grantee File for each grant based upon the Office's GTR File Management Protocol (see Appendix 9). Among the items contained in the file are the executed Grant Agreement, work plan, progress reports, Line of Credit Control System (LOCCS) drawdowns and correspondence.

C. Environmental Review Requirements - Request for Release of Funds (form 7015.15)

HUD regulations require that environmental reviews be completed prior to undertaking either lead hazard control activities funded under the Lead Hazard Control Grant Program or associated activities funded from other sources. Pursuant to the Multifamily Housing Property Disposition Reform Act of 1994, HUD requires its Lead-Based Paint Hazard Control Program grant recipients to assume the environmental review responsibilities for the National Environmental Policy Act (NEPA) and related laws and authorities as implemented at 24 CFR Part 58 (see Appendix 7 - Lead Hazard Control Grant Program Policy Guidance Issuances Policy Guidance 2000-01).

Undertaking "lead-abatement activities," "LBP activities" or "lead hazard control activities" means the grantee's commitment of any funds for lead-based paint inspections, risk assessments, abatement, or hazard reduction or control. However, there are activities that grantees can conduct prior to and during the environmental review/Request for Release of Funds approval process:

- Direct Labor/Fringe (except hiring/paying for staff who conduct risk assessments/inspections)
- Travel
- Purchase equipment, furniture, office supplies, etc.
- Enter into sub-grantee/sub-contract agreements
- Outreach, education (including preparing the materials, PSA's, advertisements, etc.)
- Training (certification, lead-safe work practices, etc.)
- Generating a contractor's bid list

The Lead Hazard Control Grant Program is considered Categorically Excluded from the National Environmental Policy Act (NEPA), pursuant to 24 CFR Part 58.35. The NOFA outlines the basic environmental review requirements and identifies that the recipient is also the responsible entity under this program. In other words, the grantee is responsible for compliance with the requirements at 24 CFR Part 58 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (Environmental Review Regulations). The

NOTE

For all programs, HUD provides resources and guidance on a web site:

<http://www.hud.gov/offices/cpd/energyenviron/environment/index.cfm>

Programmatic Environmental Clearance Officer (PECO) for OHHLHC is responsible for preparing and distributing appropriate checklists, regulations, applicable forms and technical assistance to grantees. Grantees must complete the Request for Release of Funds process for each award, including renewals.

It is the GTR's responsibility to provide the PECO with the name, telephone number and e-mail address of each of his/her grantees following the announcement of successful applicants. Once compiled, the PECO will distribute instructions and all necessary tools for the grantee to utilize in order to fulfill their grant Assistance Award condition for environmental review compliance. The completed documentation, which generally includes the environmental review (Tier 1 or "Minor Rehabilitation Environmental Review" form), proof of publication of the Notice of Intent / Request for Release Of Funds (NOI/RROF), and original RROF and Certification form 7015.15 (see Appendix 3), is submitted directly to the PECO and copy to the GTR. The PECO will review the documentation for accuracy and compliance with Part 58 and will assist with any/all inconsistencies. Following the mandatory public comment period (no less than 15 days from receipt) to HUD, the PECO issues the release of funds letter or removal of environmental grant conditions, to the Certifying Officer. The Certifying Officer is generally the same individual who executed the grant application, grant Assistance Award, and form 7015.15 on behalf of the grantee. A copy of the release of funds letter is also copied to the GTR, for his/her project file.

The GTR should ensure that their grantees complete the environmental review process within the first quarter of their period of performance, to avoid violation of the grant Assistance Award and other applicable sub-sections of part 58. The most common violation is that of Sec. 58.22, Limitations on Activities Pending Clearance. Under this program, grantees are prohibited from committing or expending grant dollars on testing and hazard control of enrolled units. Grantees may expend Federal funds on other activities such as training, purchasing of equipment, staff salaries and fringe benefits, travel, blood lead testing, and unit enrollment. The GTR may approve LOCCS vouchers for these and other "soft costs" prior to the release of funds. The GTR may not approve LOCCS vouchers for evaluations (unit testing) or lead hazard control work prior to the release of funds.

Environmental compliance for the Healthy Homes Demonstration, Project LEAP and Technical Studies Programs is the responsibility of HUD (the assigned GTR). The applicable regulations are at 24 CFR Part 50 Protection and Enhancement of Environmental Quality. Generally, the PECO assists the GTR to complete compliance documentation with this regulation (Environmental Assessment and compliance Findings with the Related Laws – HUD form 4128 (see Appendix 3)).

Most projects are Categorically Excluded from the National Environmental Policy Act and compliance documentation is limited to a few related laws and authorities including, but not necessarily limited to: Historic Preservation, Floodplain Management (including flood insurance), Coastal Barrier Resources, Coastal Zone Management Act and Toxic Chemicals (Sec. 50.3(i)). The GTR must work closely with the grantee to obtain accurate and detailed information to comply with these laws/authorities. Grantees generally do the legwork and compile all supporting, background data for the GTR to use. This includes project description (scope of work), photographs, floodplain map panel number/date, historic designation, etc. The grantee is then responsible for implementing any mitigation measures to reduce or eliminate environmental impacts identified in the environmental review.

Grantees may not commit or expend federal or local funds on hazard control (lead, healthy homes, etc.) until the environmental review is complete for each project. The NOFA and grant Assistance Award spell-out the basic requirements and responsibilities for HUD and recipients of each program that falls under the purview of Part 50.

D. Pre-Award / Award Activities for Unsolicited Proposals

The following policies and procedures are followed to facilitate HUD acceptance and review of unsolicited proposals submitted to the Office of Healthy Homes and Lead Hazard Control.

i. Content of Unsolicited Proposals

Unsolicited proposals should contain the following information to permit consideration and evaluation in an objective and timely manner:

- Offeror's name, address and classification (academic, private for-profit, private nonprofit, governmental, etc.);
- Name and telephone numbers of program director or principal investigator to be contacted for evaluation purposes;
- A brief one- to two-line title;
- A discussion stating the specific objective(s) of the project;
- The relationship of the project to support HUD's mission and goals in the area of Healthy Homes and/or Lead Hazard Identification and Control;
- Names of other Federal, State, or local agencies or parties receiving the proposal or funding the proposed effort, if any;
- A short review of any related previous work conducted by the applicant or others in the field of interest and how the new work would build on but not duplicate the previous work;
- Methodology to be employed in conducting the project, and the nature and extent of the anticipated results;
- If the proposed project involves research using human subjects (other than voluntary surveys or public observation) and there is any potential for physical, social, psychological, or financial harm to the subjects, a certification must be included that an Institutional Review Board (IRB) will approve the research design. The offeror must provide a description of procedures and membership of the IRB and show that all aspects of the proposed study conforms to applicable Department of Health and Human Services regulations;
- Deliverables to be completed, and the specific audience(s) to whom these products are directed (HUD policy-makers, other researchers, local government officials, the public, etc.);
- The approximate duration of the project in calendar months;
- An estimate of:
 - The staff months of professional effort required;
 - Total project cost; and
 - The percent of the total costs to be provided by the offeror and HUD, respectively (cost sharing is encouraged)
 - The name, title, email address and telephone number of the project manager and each senior researcher or project manager; and

- A separate resume for each of up to 5 key staff that will work on the project that concisely outlines his or her qualifications for performing the project and commitment (in person-months of effort) to the project;
- Date of submission;
- Signature of a person authorized to represent and obligate the offeror.

ii. Unsolicited Proposal Projects Not Eligible For Funding

Projects not eligible for funding include:

- Work not directly related to HUD's role and mission.
- Proposals having little or no research or demonstration or public education content.
- Proposals for operating funds, working capital, plant, or other investment.
- Proposals that duplicate current or previous work.
- Proposals that solely benefit a particular individual, local groups, or community.
- Proposals that do not meet Federal criteria for award of sole-source, noncompetitive contracts. Awards may not be made in response to an Unsolicited Proposal *unless* the offerer is *the unique source* from which the work may be obtained (not just a well-qualified, or even best-qualified source), or the content and nature of the proposal is the private, sole possession of the offerer and is of direct and exclusive sources.
- Proposals that require a disproportionate share of the Office's funds.
- Proposals that are eligible for assistance under a NOFA and are received after publication of the NOFA and before the award of grants pursuant to the NOFA.

iii. Receipt and Review of Unsolicited Proposal Projects

Receiving and Logging in Proposals - Unsolicited proposals shall be addressed to the Director, Office of Healthy Homes and Lead Hazard Control. Upon receipt, the Director's Administrative Assistant date stamps the proposal and records its receipt in a log book noting the date, the offeror's name and contact information, title of the proposal, and the name of the Review Team Leader assigned to coordinate and document the review process. Should HUD subsequently receive a best and final offer (BAFO), the Administrative Assistant also will date

stamp the BAFO and record its receipt in the log adjacent to the entry for the original proposal.

Review Team Leaders - Within 5 working days the Director assigns a Review Team Leader who is responsible for:

- Timely writing (within 5 working days) a reply letter for the Deputy Director's signature acknowledging receipt and processing of the unsolicited proposal;
- Selecting a review team which must be comprised of either Division Directors from all Divisions or a staff member from each division;
- Distributing copies of the proposal to each team member for review and evaluation.
- Ensuring that each team member documents the results of their evaluations, including the proposal's strengths and weaknesses.

Once the review team members have completed their evaluations, the Team Leader is responsible for:

- Writing a memorandum from the Deputy Director to the Office Director containing the results of the team's evaluation and a recommendation to reject the proposal without further consideration; or
- Writing a reply letter, signed by the Deputy Director, containing a comprehensive list of the Review Team's concerns and questions for the offeror's response, and establishing a date by which the offeror may submit a best and final offer (BAFO); or
- Writing a memorandum from the Deputy Director to the Office Director containing the results of the team's evaluation along with a recommendation to fund the proposal, either in whole or in part.

If the offeror submits a best and final offer (BAFO), the Team Leader:

- Distributes the response to the same team members for review and evaluation;
- Compiles the team's individual written evaluations of the proposal with consideration to the BAFO submitted;
- Writes a memorandum from the Deputy Director to the Office Director providing the team's recommendation to either fund or reject the proposal.

iv. Documenting the Evaluation and Funding Decision Process

The Review Team Leader is responsible for documenting the evaluation and final funding decision process. This documentation shall include individual team evaluations, strengths and weaknesses/concerns and recommendations; correspondence advising the offeror of the results of the evaluation(s); memoranda advising the Deputy Director of the results of the evaluation; the Deputy Director's memorandum to the Director, who serves as the Selecting Official, containing his/her recommendation to either fund or reject the proposal; and the Selecting Official's final funding decision. If the proposal is funded, the Review Team Leader shall provide a copy of this documentation to the appropriate Grant Officer. If the proposal is rejected, the Review Team Leader shall provide this documentation to the Director, Administrative and Budget Division for proper Office filing.

v. Comprehensive Evaluation

The Review Team Leaders are responsible for ensuring a careful evaluation of the proposal. Each reader shall score the proposal for consistency with the Office's goals and mission, and the capacity to carry out the project as described in the proposal. More specifically, evaluators shall consider the following factors, in addition to any others appropriate for the particular proposal:

- The degree to which the proposal incorporates unique or innovative methods, approaches, or ideas;
- Overall scientific, technical and programmatic merits of the proposal;
- Potential contribution of the proposed project to the Office's and the Agency's mission;
- The offeror's capabilities, related experience, facilities, techniques, or unique combinations of these that are integral factors for achieving the proposal objectives;
- The qualifications, capabilities, and experience of the proposed principal investigator (or equivalent position for non-research proposals) and/or key personnel critical to achieving the proposal objectives;
- The reasonableness of the proposed cost; and
- Adherence to HUD's Discretionary Grant and Cooperative Agreements Policies and Procedures (22010.17 Rev 2).

At HUDAR 2415.605-70, the Department requires that each award made as the result of an unsolicited proposal for research contain a commitment to provide actual cost-sharing. This provision will be included in the award whether or not cost-sharing was part of the unsolicited proposal.

Human subjects research: In conformance with the Common Rule (Federal Policy for the Protection of Human Subjects, codified by HUD at 24 CFR Part 60), if the research involves human subjects, the offeror must provide an assurance (e.g., a letter signed by an appropriate official) that the research will be reviewed and approved by an IRB before the offeror can receive funds from HUD for activities that require IRB approval. Before receiving such funds, the offeror must also provide the number for the offeror's assurance (i.e., an "institutional assurance") that has been approved by the Department of Health and Human Service's Office of Human Research Protections (OHRP). For additional information on what constitutes human subject research or how to obtain an institutional assurance, see the OHRP web site at <http://ohrp.osophs.dhhs.gov/>.

vi. Final Funding Decisions

The evaluation process is expected to take no more than 30 days. If a best and final offer is requested and the offeror responds, the entire process is expected to take no more than 60 days. Within 60 days, the Selecting Official is to make a final determination. If the Selecting Official rejects the proposal, the Review Team Leader prepares a letter to that effect to be sent to the originator of the proposal under the Selecting Official's signature. The rejection letter shall explain the precise reasons for the rejection of the proposal. If the proposal is accepted, the Team Leader shall prepare a memorandum for the Selecting Official's signature to the appropriate Grants Officer authorizing the execution of a grant agreement following final budget negotiations.

CHAPTER 2: GRANT ADMINISTRATION – MONITORING

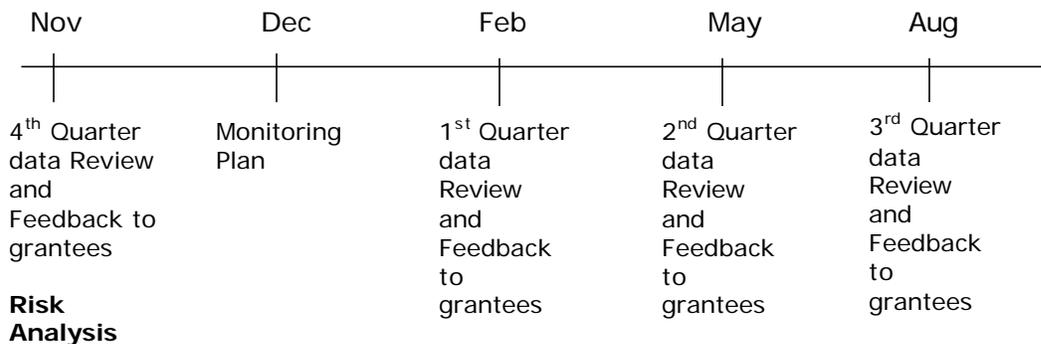
- ❖ **Purpose:** This chapter discusses the responsibilities of GTRs in monitoring grantee performance and the process by which grantees are evaluated against established requirements and grantee work plans.
- ❖ **Context:** Monitoring is an ongoing, integral management control technique used by GTRs to assess the quality of performance over time and as a tool to ensure the successful implementation and completion of grant activities. Monitoring provides information for making informed judgments about program effectiveness and management efficiency, as well as identifying a grantee's strengths that may be applied to other programs and grantees and instances of grantee mismanagement. The monitoring process begins with GTRs conducting a risk analysis of their grantees in November. The results of the risk analysis determine the monitoring strategy to be conducted for that particular fiscal year. The monitoring approach established for each grantee will be dependent upon the level of risk determined as a result of the risk analysis process. Since the GTR's main objective is to assist program participants in carrying out their program responsibilities, it is essential that GTRs engage in a continuous evaluation of data and other information that has been collected in order to draw defensible and supportable conclusions regarding whether the grantee is accomplishing the stated objectives.

❖ **Summary of Responsibilities:**

GTR	<ul style="list-style-type: none"> • responsible for the technical and financial oversight and evaluation of the recipient's performance • determine relative "risk" status of each grantee • monitor grantee performance • provide technical assistance to the grantee to ensure the successful implementation and completion of grant activities • compare progress against expected performance – assure timely performance • provide technical direction • document all interaction and evaluations • maintain files
Division Director	<ul style="list-style-type: none"> • develop the grant program's annual monitoring plan • provide quality control and assurance
Grant Officer	<ul style="list-style-type: none"> • evaluate, process and execute modifications • provide financial and administrative support

CONDUCTING MONITORING

- ★ OHHLHC programmatic monitoring policies and procedures are developed by a yearly cycle that includes the following sequence: annual risk analysis; development of monitoring plan; implementation; and documentation. A discussion of corrective actions is included as part of implementing the monitoring plan. This cycle is described in more detail below.



A. Annual Risk Analysis

What is a risk analysis? The OHHLHC annually ranks grantees according to their progress rated against expected performance. The concept of ranking grantees is to establish a relative risk to HUD in order to guide OHHLHC in allocating its resources. The risk analysis provides a comprehensive performance profile of each grantee. The culmination of the risk analysis process is the development of a Monitoring Plan to focus or allocate resources on those grantees identified as needing technical assistance. Technical assistance is provided in accordance with the needs identified during the risk analysis.

Who conducts the risk analysis and when? The risk analysis is conducted by GTRs for all OHHLHC grantees, on an Office-wide basis, during the first quarter of each fiscal year. GTRs are the key players in conducting the risk analyses because they are most familiar with the status of the grants and cooperative agreements.

How is the risk analysis conducted? The risk analysis is conducted on the quarterly report data submitted by the grantee for cumulative activities conducted by the 4th fiscal quarter to end the fiscal year. The analysis focuses on expected accomplishments as compared to actual accomplishments for the fiscal year. The GTRs are to use a core set of risk criteria in their analyses:

- The status of performance indicators as set forth in the grantee work plans (e.g., the LHC program uses five factors – Number of inspections proposed / completed; Number of units proposed / completed; Expenditures proposed / completed; Number of trainings proposed / completed; Number of outreach actions proposed / completed);

Other risk factors that the GTR may consider include:

- The age of the grant;
- The timeliness and completeness of quarterly performance reports;
- The GTR's assessment regarding the adequacy with which the grant was being managed;
- Performance history of program participants/partners;

- The results of the last on-site monitoring;
- The number and nature of the performance issues identified and the contributing circumstances;
- The total amount of funding expended;
- The extent to which the grantee has timely reported performance issues and has timely implemented proposed corrective actions;
- The GTR's confidence in the grantee's ability to correct weaknesses and other performance shortfalls, identified by the grantee in quarterly performance reports or by the GTR in their assessment of grantee quarterly performance reports, and determined by the impact of past corrective actions and the abilities of the project personnel responsible for initiating and monitoring these activities;
- The level and nature of technical assistance needed to assist in correcting performance issues; and,
- The level and nature of technical assistance projected to be needed in the future to maintain performance levels.

The OHHLHC risk analysis involves a three-step process:

Step 1. The primary purpose of ranking grantees based on risk is to prioritize to which grantees the OHHLHC will allocate technical assistance, monitoring activities, travel, and staff resources during the upcoming year.

The risk analysis process requires the GTR to review the performance of each assigned grantee against the criteria listed above to determine its relative risk. GTRs document their assessment using the risk analysis worksheet (see Appendix 4 for sample LHC worksheet). The higher the number indicates the greater risk the grantee may pose with respect to the risk criteria. The GTR totals all the sub-factor scores to reach a total for each factor. The GTR then tallies the results for all the factors on the last page of each grantee's worksheet, thereby generating an overall numerical score. Each final numerical score has a pre-assigned risk level.

Step 2. The Division Directors convene a Risk Analysis panel to review the GTR rankings to ensure validity and to ensure consistency in the application of evaluation standards used by the GTRs. During this assessment, the Division Directors engage the GTRs to allow feedback on the rankings and to collaborate to produce a final report assessing the grantee performance. Grantees are then ranked from greatest risk to least risk based on the outcomes of this assessment. Once this is completed, a designation of green (performing at or above

expectations), yellow (performing near expectations), or red (performing well below expectations) will be assigned.

Step 3. Based on the results of the risk analysis, annual monitoring plans are then developed. The development of the annual monitoring plan is described below.

B. Development of Monitoring Plan

The Division Directors develop the Monitoring Plan based on the results of the risk analysis; however, monitoring plans are updated based on grantee quarterly report submissions or as conditions warrant. The monitoring plan is related to the availability of resources for monitoring as follows:

Risk Analysis Designation	Resources Allocated
Green	<ul style="list-style-type: none">• Quarterly evaluations• Remote monitoring
Yellow	<ul style="list-style-type: none">• Monthly evaluations• On-site and/or remote monitoring
Red	<ul style="list-style-type: none">• Weekly evaluations• On-site and remote monitoring

Resources include staffing levels, amount of funds for travel, and other competing demands on the GTR's time. The Monitoring Plan includes the estimated number of persons for each trip, the duration of the trip, and the estimated cost. The Monitoring Plan includes a schedule by month and/or quarter for each GTR. The Monitoring Plan serves as a roadmap for each Program area. Each Director tracks implementation of the monitoring plan and controls costs so that the travel budget for this purpose is not exceeded. The grantees are then notified on a quarterly basis of their designation, data submission requirements, and corrective actions required.

Mid-Year Analysis

A mid-year assessment is conducted to determine the status of grantee performance against expected performance (see Appendix 4 for sample mid-year analysis summary). This essentially follows the same process as the risk analysis conducted at the beginning of the fiscal year. The intent is to prioritize which grantees require technical assistance, specific monitoring, and correction actions. It also serves to evaluate

the grant portfolio progress compared to the baseline established at the beginning of the fiscal year.

C. Implementation of Monitoring Plan

It is the policy of OHHLHC that each GTR is responsible to monitor their assigned grantees in accordance with the Office's annual Monitoring Plan. The OHHLHC policy is that ongoing general oversight of grantees' activities is expected of GTRs, and that each GTR will keep a standard file and documentation as appropriate.

A. Monitoring Strategies

The type of monitoring conducted for a particular grantee derives from the risk analysis. The corrective actions required are based on the grantee's designation (green, yellow, red).

OHHLHC GTRs are responsible for monitoring grantees. There are two types of monitoring: remote and on-site.

- Remote monitoring comprises the core of a GTR's activities. It involved the daily, ongoing review of grantee activities. The Monitoring Plan dictates that remote monitoring shall occur for all grantees.
- On-site monitoring means that the GTR travels to the grantee's location to gather the information needed to perform evaluations. The Monitoring Plan dictates that on-site monitoring shall occur for grantees designated as red or yellow (if warranted).

➤ Remote Monitoring

As stated previously, remote monitoring comprises the core of a GTR's activities. It involves the daily, ongoing review of grantee activities. GTRs play a pivotal role in the OHHLHC mission by providing the necessary technical and financial oversight and evaluation of grantee performance for each assigned grant.

As part of the GTR functions in managing the day-to-day operations of grantee activities, GTRs are responsible for:

NOTE

GTR Monitoring Checklists: The GTR should carefully document all monitoring activities. Guides for conducting and documenting on-site monitoring are attached to this Desk Guide in Appendix 4.

- 1) Monitoring the grantee's performance, including progress against the grantee's work plan, performance schedule, budget and conformance to uniform administrative requirements;
- 2) Providing technical assistance to the grantee to ensure the successful implementation and completion of grant activities;
- 3) Documenting all actions, interactions, and evaluations undertaken in administering the grant;
- 4) Maintaining liaison with the grantee and Grant Officer to resolve performance problems;
- 5) Reviewing the grantee's payment requests and financial reports;
- 6) Assuring that key personnel, if named in the award, are being utilized to the extent required by the award;
- 7) Evaluating the qualifications of any personnel which the grantee proposes to substitute for named key personnel;
- 8) Reviewing the merits and qualifications of proposed contracts, contractors, and consultants and making recommendations to the Grant Officer regarding approval, when applicable;
- 9) Providing the Grant Officer with copies of all correspondence issued to the grantee;
- 10) Maintaining a GTR working file;
- 11) Re-delegating authority to a GTM, when appropriate;
- 12) Fulfilling substantial involvement responsibilities stated in cooperative agreements;
- 13) Providing a final written evaluation of the grantee's performance;
- 14) Evaluating and recommending, when appropriate, modification requests to the Grant Officer; and,
- 15) Providing assistance to the Grant Officer as required in the event of disputes or other problems.

➤ **On-site Monitoring**

The key to successful monitoring is proper preparation. This means gathering and reviewing data, developing a detailed list of subjects to be covered, preparing an agenda, and communicating with the grantee. The assigned GTR should identify the factors that led to the designation as a priority for risk-based monitoring. Some basic questions: Are they behind in their production goals or not meeting targets? Are there actual or anticipated financial problems? Is management, or the lack thereof, the primary problem? Is local capacity the primary

NOTE

Guides in Appendix 4 should be used to assist GTRs in preparing for on-site monitoring.

problem? Are there objective conditions contributing to delays? Have there been complaints from clients or the public?

The GTR needs to decide specifically what to monitor while on-site. It is usually not possible to monitor all aspects of a grantee's program. While general guidance has been provided in this Desk Guide of typical problems encountered by grantees, the specific areas to be monitored for each grantee must be established on a case-by-case basis depending on the risk analysis, reviews of reports and other documents, and other intelligence gathered from all sources. The monitoring checklists attached to this Desk Guide give some monitoring suggestions. However, there may be subjects not covered by a monitoring checklist that GTRs will need to review.

i. Focusing the On-Site Monitoring Visit

In general, OHHLHC grantees are monitored for five basic elements:

- Effective program management (including monitoring of sub-grantees)
- Adequate capacity
- Performance milestones and benchmarks compared to work plan (inspections, production, outreach, training, etc.)
- Financial records and expenditures
- Record-keeping and documentation practices

The following are some general questions to use in determining potential areas for monitoring. Although different questions apply to each program, some questions apply to all programs.

- What is the status of other performance indicators as set forth in the grantee work plans?
- Is the grantee on schedule with all work plan goals?
- Based upon a review of grantee files, are all files complete with adequate documentation?
- Is the organizational structure the same as that described in the Work Plan?
- Does the grantee have written sub-grantee agreements with other agencies and organizations responsible for key elements of the program?
- Are faith-based and community-based organizations doing what they were contracted to do?

- Were competitive bid processes used for procuring contractors? (Was there a public invitation to bid? Was an effort made to solicit at least three bids? Were bids reviewed using consistent criteria?)
- Does the grantee have procedures to verify that contractors have not been suspended or debarred from work on projects receiving Federal assistance during the time of the work?

ii. Establish a Date with the Grantee

The GTR should call the grantee well in advance of the anticipated on-site monitoring to establish a date and duration of the visit that is acceptable to both the GTR and the grantee. It is important to choose a time that is convenient for the grantee's key personnel. The communications with the grantee should also include any requirements for the visit such as reviewing dust-lead clearances in randomly selected units; sample request for proposals; sample job specifications, visiting active and completed lead remediation projects, meeting with sub-grantees and contractors, and other grantee activities. Arranging these activities in advance will make the visit run smoothly.

iii. Prepare an Agenda

The GTR should take the lead in setting the agenda. However, the grantee should be invited to make suggestions for the agenda. A typical agenda will include the following five elements: an entrance conference, interviews of staff and others, file reviews, site visits to work in progress or where work is being conducted, and an exit conference. These are all discussed in more detail below.

Be specific about persons and partnering organizations to be interviewed. Monitoring reviews include interviews with staff responsible for implementing the program. A typical monitoring review will also include interviews with sub-grantees, partners, contractors, and faith-based or community-based organizations. The following are some examples of potential persons and organizations to be interviewed during the on-site visit:

- A neighborhood organization that is responsible for community outreach and referral of applicants.
- A health department nurse or sanitarian that conducts case management where there is a child with an elevated

- blood lead level.
- Community development agency that administers a CDBG-funded rehabilitation program that is blended with LHC grant funds.
- An agency that provides lead hazard educational services in selected neighborhoods.
- A risk assessor that prepares risk assessments for the grantee.
- A lead abatement contractor that is active in the program.

For some meetings, you may wish to prepare an agenda for a specific individual or partnering organization. These are not required, but if needed, should be developed before leaving the office. A thorough monitoring review can normally be conducted in one to three days, depending on the size and complexity of the grant, or whether multiple grants are being monitored.

iv. Conducting On-Site Monitoring

Entrance Conference: The monitoring visit should begin with the senior-most official, or at least the supervisor or manager above the day-to-day project manager. This interview must be carefully planned to fit the unique circumstances for that grantee. The entrance conference should cover:

- The purposes of the monitoring visit, including why the grantee was selected for monitoring. Be positive - the grantee should be informed that monitoring visits are to assist grantees with implementing positive changes in their program. The grantee has a right to know why HUD is concerned about particular aspects of the grantee's program but this should not be the first time the grantee is told about specific issues.
- The agenda for the monitoring, including what persons or partnering organizations will be interviewed. By summarizing the agenda, you are giving the interviewee an opportunity to offer his/her own comments and observations.
- Scheduling of the closeout conference at which time preliminary findings and concerns will be presented.

Interviews of Staff and Partners: This aspect of on-site monitoring is critical to a successful assessment. The interviews have several purposes:

- Verifying the accuracy of information included in quarterly

reports or other documents submitted to OHHLHC. Interviews will often either confirm or refute narrative statements made in quarterly reports. If there is reason to doubt the accuracy or validity of information from the grantee, it is appropriate to ask about the subject in interviews with persons other than the grantee's staff. For instance, if the grantee reports that another agency has stopped referring cases because of confidentiality issues, you may want to ask that agency whether that is correct or whether there are other issues as well. Remember, the objective is to resolve the problem, not to find out if someone is to blame.

- Determining underlying reasons for performance issues or problems is important but often difficult. For example, if the problem is that production is well below the work plan or benchmark schedule, there could be numerous reasons, even though there may be a backlog of applications. A thorough analysis will be needed to identify all impediments to timely production. All critical staff and contract personnel involved in the production process should be interviewed to reach supportable conclusions. The Production Processes exhibit will help walk you through this situation.
- Confirming implementation and results of Work Plan activities is especially important with regard to tasks that are not easily quantified, or where the quality of the effort is more important than the quantity. An example would be education or outreach activities: the number of community meetings may not be important if there is not broad participation or if the information conveyed is inaccurate or inappropriate; the number of pamphlets handed out in shopping malls may not be significant if the purpose is to entice families to get their children tested and none are tested. The grantee should have a clear plan as to what outcomes will be measured as a result of outreach activities.
- Determining compliance with OHHLHC policies and requirements is generally not possible based solely on a review of quarterly or other reports. File reviews (discussed next) are generally the key to compliance monitoring, but it is often an interview that will lead to the proper file to review.

v. File Reviews

File reviews are conducted to verify compliance with the grant Assistance Award, Work Plan, and OHHLHC policies and

requirements. The monitoring checklists are to be used to document findings during these reviews.

It is especially important to protect the confidentiality of client files, such as health records, employment and income data. In many instances, it may be most practical to make a copy of documents for additional review back in the office. For copies of application forms used by the grantee, copies should be made of a blank form rather than one that has confidential information. The grantee should be consulted before making copies of specific files.

The GTR should select the files for review, if possible. The suggested approach is to randomly select files from a database, a list of completed projects, a tracking system for work in progress. It is best to select from a cross section of cases, such as a single-family rental property, a multifamily property, and an owner occupied property. Alternatively, you may select projects based on the level of intervention (low-level interventions, interim controls, abatement). The objective is to get as complete a picture as possible in a limited amount of time. File reviews should also include reviews of financial documents such as the backup documentation (i.e., invoices) for LOCCS requests.

vi. Site Visits to “Work-in-Progress” Projects

Site visits are also an opportunity to observe the quality of work performed or activities conducted. For instance, in the case of lead hazard reduction work, it is an opportunity to observe whether the contractor is using safe work practices, and whether the quality of work meets acceptable standards. A visit to an outreach or education meeting will indicate whether that effort has value to the program and community.

Site visits to an active work site needs to be made in advance. You must never violate any job site safety requirements, such as a requirement to wear personal protective equipment such as eye, hearing or respiratory protection. Photographs of the job site should only be taken with the permission of the contractor and owner. If the site visit is to a completed lead hazard control project and the unit is occupied, be respectful of the occupants. Be observant - it is not always convenient to fill out a form on the spot. Therefore, observations should be promptly written down at the earliest opportunity.

vii. Exit Conference

The monitoring visit should end with the senior-most official, or at least the supervisor or manager above the day-to-day project manager. Generally, it will be with the same person with whom the entrance conference was held. It may also be appropriate to have a more detailed exit conference with the day-to-day project manager.

Preliminary findings and concerns should be shared with the grantee. The grantee should be advised that a report will be issued within 30 days that formally conveys findings and concerns. The grantee needs to have an opportunity to respond to the tentative findings and concerns and to describe any mitigating circumstances that may affect the site monitoring report.

B. GTRs Evaluation of the Grantee's Progress Reports

GTRs evaluate and document a grantee's quarterly performance using the Quarterly Grant Rating Form (see Appendix 4). The Quarterly Grant Rating Form and supplemental GTR evaluation documentation must be retained in the GTR working file.

An effective monitoring process offers the opportunity to assist grantees in the successful implementation of their grant program activities. Performance and financial progress reports are HUD's primary tools for recipient monitoring. Progress reports are to be submitted according to the requirements of the grant or cooperative agreement document. Progress reports are used to assist both HUD and grantees in monitoring and evaluating their progress in implementing grant activities. The report, together with an approved work plan, provides a system to assist all parties in measuring grantee performance and fulfilling program management, monitoring and oversight responsibilities. Most often, progress reports are required to be submitted on a quarterly basis, but other requirements may also apply. Quarterly progress reports are due by the end of the month following the end of each quarter on: January 30, April 30, July 30, and October 30. Reports should be submitted according to the procedures of the grant program and retained by the GTR in the GTR working file.

Lead Hazard Control grantees report on three major work plan activities:

- Program management and capacity building (including discussions of data collection and program performance activities)
- Community education, outreach and training
- Lead hazard control activities (including relocation)

Healthy Homes grantees report on three major work plan activities:

- Program management and capacity building
- Activities and interventions
- Community education, outreach and training

GTRs are responsible to track grantee performance to anticipate potential performance problems and offer grantees ways to solve them. Minimum benchmark performance and expenditure standards have been established to evaluate grantees to determine the necessary technical assistance needed to improve performance and to assist grantees to establish quarterly milestones for major tasks/activities and to track conformance to schedules. In general, when reviewing progress reports, GTRs should evaluate:

- Whether all of the required information has been provided in the report;
- Grantee's progress against the dates for the key milestones from the work plan that were entered in the benchmark standards worksheet;
- Grantee's accomplishments during the past quarter (i.e., did they do what they planned on doing?);
- How well the grantee completed its planned activities;
- Grantee's expenditures compared to the information in HUD's LOCC system as well as to expenditure benchmarks; and,
- Whether the information in the progress report indicates a need for help or technical assistance.

C. Corrective Actions

As stated previously, the type of monitoring conducted for a particular grantee derives from the risk analysis. The corrective actions required are based on the grantee's designation (green, yellow, red). All corrective actions taken are intended to enable a grantee to get back on track so that progress meets or exceeds expected performance. The GTR's role is to provide

the technical support and oversight necessary to ensure the success of the grant. Grantees will have 90 days to demonstrate improvements to identified program impediments or be elevated to “high risk” status:

Risk Analysis Designation	Resources Allocated	Corrective Action Timeline to Demonstrate Improvement
Green	<ul style="list-style-type: none"> • Quarterly evaluations • Remote monitoring 	N/A
Yellow	<ul style="list-style-type: none"> • Monthly evaluations • On-site and remote monitoring 	<ul style="list-style-type: none"> • Maximum of 6 months (3 months initial corrective action notification [including pre-high risk] / 3 months high risk status)
Red	<ul style="list-style-type: none"> • Weekly evaluations • On-site and remote monitoring 	<ul style="list-style-type: none"> • Maximum of 6 months (3 months initial corrective action notification [including pre-high risk] / 3 months high risk status)

Notification to the grantee regarding their performance status, including identified deficiencies, is part of the feedback that occurs after every quarter (see section D below for details). When the GTR observes areas of concern with grantee progress as compared to established milestones and benchmark standards, the GTR will include in the notification to the grantee the 1) data submission requirements to analyze progress (quarterly, monthly, weekly), 2) the specific data submission requirements, and 3) the type of correction action(s) required. Corrective actions to eliminate identified deficiencies may include requiring the grantee to:

- Submit a **Work Out Strategy** that addresses areas of deficiency (see Appendix 1 for details);

- Develop and submit specific documents to the GTR within a specified timeframe. GTRs must provide grantee information regarding GTR expectations for submittals;
- Change their standard operating procedures to comply with the grant Assistance Award;
- Receive training and/or work with HUD staff or other grantees in a specific area, such as designing effective outreach programs, specification writing, construction monitoring, relocation or report writing;
- Follow-up with the GTR during stages of progress;
- Perform other specific actions required to clear determinations of non-performance, findings or concerns. Although concerns should not be taken lightly, findings require corrective and remedial actions in order to move forward; or
- Submit documentation of achievement of measurable goals to be met by the grant Assistance Award and its work plan.

➤ **Pre-High Risk Notification**

If during the three-month period that corrective actions are implemented, the grantee's performance continues to fall behind established benchmark standards, the GTR issues a "Pre-High Risk Notification." The intent of a "Pre-High Risk Notification" is to express concern over continued non-performance that has begun to jeopardize the ability of the grantee to complete its objectives within the period of performance.

Circumstances that might trigger a "Pre-High Risk Notification" include, but are not limited to, the following:

- Continued failure to complete necessary post-award requirements within the given timeframe,
- Continued failure to hire appropriately qualified personnel to implement grant,
- Continued reduction of time commitments by key staff assigned to the grant, or
- Continued or excessive lag in reaching production milestones (e.g., LOCCS, units inspected or cleared, outreach activities, etc.).

The "Pre-High Risk Notification" will outline the specific areas of concern noted by the GTR, offer technical assistance, notify the grantee of actions to be taken by the GTR, and warn of future sanctions allowable under 24 CFR 85, Section 12. This

Notification should also describe that if corrections are not made within the timeframe provided, the grantee will be placed on "high risk" status.

➤ **High Risk Notification**

Placing a grantee on "High Risk" is the final and most severe form of corrective action to be taken by the GTR. When the GTR has exhausted every resource to provide technical assistance to the grantee, the GTR will place the grantee on "High Risk" by written notice, and results in a modification to the grant assistance award designating the grant as "High Risk" (see Appendix 9 for sample notification). As stated before, designating a grantee as "High Risk" is intended to restore, not punish, the grantee.

The GTR will notify the Division Director, Deputy Director, Grant Officer, and the Office Director of their intent to place a grantee on "High Risk" before any notification is sent to the grantee. The Office Director will determine if HUD senior staff should be notified as well.

The grantee is notified of the "High Risk" designation by the Grant Officer because this designation results in a modification to the grant assistance award. Copies of the "High Risk" notification should be copied to the chief elected official. The "High Risk Notification" shall include the following:

- Modified grant assistance award;
- Reasons for issuing the "high-risk" designation,
- Requirement for mandatory Technical Assistance site visit, to be followed by a Technical Assistance Report containing observations and recommendations,
- Requirement that specific actions must be taken by the grantee to remove the designation, as outlined in the Technical Assistance Report,
- Requirement of weekly monitoring of progress in implementing actions stemming from a Technical Assistance Report, and,
- Warning of future actions OHHLHC will take if the grantee fails to address concerns within established timeframe, as outlined in 24 CFR 85, Section 12, and stipulated in the Grant Agreement.

Grantees will have 90 days during the "High Risk" period to demonstrate improvements to identified program impediments

or the grant will be terminated and any unexpended funds will be deobligated.

D. Reviewing Voucher Payment Requests

Another critical component of monitoring is reviewing the grantee's payment requests and financial reports. It is the responsibility of the GTR to review and approve LOCCS VRS Request of Payment Vouchers and make payment. GTRs shall approve or reject payment requests within five working days of the grantee's entry into the LOCCS system. The grantee is required to submit the LOCCS-VRS Request Voucher for Grant Payment (form HUD-27053 – See Appendix 3) and back-up documentation (at a minimum a Part 3 –Financial Reporting of HUD Form 96006 – see Appendix 3) every time a request for payment from the LOCCS is made. The LOCCS process for submitting and reviewing vouchers is as follows:

- Grantees enter their payment requests into HUD's VRS and forward a hardcopy of the voucher along with supporting documentation verifying expenses to the GTR the same day the VRS request is made.
- Within five days of receipt of supporting documentation, the GTR reviews the voucher request and expenditures, and verifies that expenses are eligible for reimbursement in accordance with the Grant Agreement.
- GTR approves or disapproves voucher in LOCCS based on review of submitted documentation.
- Funds are dispersed by HUD in the grantee's account usually within 3 working days of approval.
- GTR maintains documentation and vouchers as part of GTR files.

GTRs may approve LOCCS payment requests via fax with supporting back-up documentation, but original copies of this material must be sent by mail for the GTR files. Drawdowns may be requested on a weekly, monthly, or quarterly basis and should be submitted at least 5 days prior to the end of the quarterly reporting period. GTRs should regularly request complete sets of invoices from the grantee for specific LOCCS payment requests. GTRs should review these invoices against the LOCCS payment request to ensure quality control.

During the initial planning period immediately following the execution of the HUD Grant Assistance Award (Form HUD 1044 – see Appendix 3), a maximum of 10% percent of the total grant amount is available to grantees as a draw down for

planning purposes. This may be drawn down in one lump sum or incrementally during the planning phase. Keep in mind that 1% of the total grant must be retained in LOCCS until approval of the grantees' final report. A review of the LOCCS draw shall include a comparison of the draw line items to the approved budget categories. In addition, the GTR should review the LOCCS draws for compliance with the NOFA expenditure requirements. The three primary areas to monitor are:

- Administration expenses, which are limited to 10% of the grant,
- Lead hazard control cost at a minimum of 60% of grant (see NOFA for specific percentage requirements) (This includes expenditures for direct lead hazard control activities such as dust testing, hazard screens, lead inspections, risk assessments, lead hazard control services, and clearance exams), and
- Lead Safe Work Practices or other training at a minimum of 2% of the grant award (see NOFA for applicability). An applicant may have proposed to use less than 2% of their award for training if they presented evidence in their application and received approval from HUD that a current workforce is in place to meet the safe work practices requirements.

GTRs may review LOCCS screen via a "Q05" query for grant details and via a "Q06" query for the project voucher summary.

D. Documentation of Monitoring Activities

It is essential that GTRs conduct a thorough analysis of grantee expectations versus actual accomplishments. GTRs must keep good records of grantee reviews. Communications with grantees, results of report evaluation and approval/disapproval, important telephone calls or other events must be documented in the GTR file. Grantee performance, progress or obstacles to performance, and their solutions must be adequately documented. Guides for conducting and documenting monitoring are attached to this Desk Guide (see Appendix 6).

GTRs will use several monitoring forms regularly to rank grantee's performance and to create tracking reports. All of these forms are located in Appendix 2. A summary is provided below:

Grantee Activity	Action	Form
Submission of monthly report or other deliverable if required	Approve/ Disapprove	GTR Review of Grantee Reports (see Appendix 4)
Submission of quarterly report	Review quarterly report and evaluate progress and performance	GTR Quarterly Grant Rating Form (see Appendix 4)

A. Quarterly Notification to Grantees

Sixty days after the conclusion of each quarterly reporting period (February, May, August, November), Division Directors will notify grantees of their designation (green, yellow, red) and data submission requirements to analyze progress (quarterly, monthly, weekly). For yellow or red designations, the specific data submission requirements are dictated by the level and type of correction action required (for more information, see Section 3). This quarterly notification, as well Pre-High Risk and High Risk Notifications, should be sent to the Program Manager, Project Director, with copies to the highest level of administrative management within the jurisdiction (i.e., city manager, mayor, etc).

Appendix 2 includes a sample grantee notification. It is important to note that the content of the notification must be thoughtfully constructed, completely defensible, and carefully worded, so the grantee will be clear on the results of the analysis and any action that must be taken to correct any deficiencies, with timelines provided. Findings and concerns should be presented in a constructive tone and format. The designation may be revised at any time at the recommendation of the GTR if the grantee submits appropriate documentation.

The notification shall be completed and ready for mailing to the grantee within 15 working days after the report is due to HUD (30 days after the end of the quarter). The report shall give the grantee no more than 30 days to respond to the findings and concerns. The GTR should set up a reminder system to follow up with the grantee in the event that the response is not timely or that there may be more than one response.

B. On-Site Monitoring Event Reports

The monitoring report is a document prepared by the GTR. A monitoring report is required following either on-site or remote monitoring. This is true even if there are no monitoring findings or concerns. If there are monitoring findings, the monitoring report is the first step (and sometimes the last step) to obtain improved performance or compliance by the grantee. The monitoring report should be more than just a summary of the monitoring activities.

Appendix 4 includes sample monitoring report formats. It is important to note that the content of the monitoring report must be thoughtfully constructed, completely defensible, and carefully worded, so the grantee will be clear on the results of the monitoring and any action that must be taken to correct any deficiencies, with timelines provided. The report may be distributed widely by the grantee and may be reviewed by the local press. Findings and concerns should be presented in a constructive tone and format.

The monitoring report shall be completed and ready for mailing to the grantee within 30 days of completion of the monitoring event or exit conference. The report shall give the grantee no more than 30 days to respond to the findings and concerns. The GTR should set up a reminder system to follow up with the grantee in the event that the response is not timely or that there may be more than one response.

The monitoring report should include information about what the GTR observed during the monitoring event. Observations may include more serious findings or specific concerns. Depending on the observations to the monitoring event, the monitoring report should include:

- Any strengths or innovative achievements of the grantee.
- Description of the condition, cause, and specific criterion that is the basis for a finding of non-compliance with the Grant Assistance Award; Work Plan (which is incorporated as part of the grant Assistance Award when approved by the GTR); NOFA; Grantee certifications; or other federal statutes and regulations and the specific criterion that is not being met.
- Specify corrective actions required to achieve compliance or remedy impediments. (See following section on Corrective Actions.) For instance, correcting the condition

may require closer oversight of the use of certified or trained workers. The corrective action specified should be based on common sense and the degree of severity of the finding. The report must clearly state the consequences if negative findings are not corrected. The description of required corrective actions should identify specific steps that the grantee must take to correct identified deficiencies. Opportunities and resources for technical assistance should be provided when appropriate.

- Description of the condition and cause that is the basis for a concern regarding a deficiency in performance
- Specify the recommended action proposed to alleviate the concern.

The GTR should submit all monitoring reports to the Division Director for review before it is sent to the grantee in order to provide quality control and consistency.

CHAPTER 3: GRANT ADMINISTRATION - AMENDMENTS

- ❖ **Purpose:** This chapter presents the process and evaluation necessary for grant assistance award amendments.
- ❖ **Context:** Amendments to the grant assistance award may be necessary under certain conditions. Requests for amendments require a detailed justification from the grantee as to the nature, cause, effect, and result of the requested amendment. Changes to the work plan or grant award requiring an amendment include:
 - Change in key personnel;
 - Change in scope of objectives (i.e., revision in the number of units to be treated);
 - Budget transfers that cumulatively exceed or are expected to exceed ten percent of the current total approved budget;
 - Extension of the period of performance;
 - Change in contracting out, sub-granting or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award;
 - or,
 - Other significant program or administrative changes.

Although permitted, amendments are discouraged for revisions in the scope of objectives (e.g., the number of units to be treated) and extensions of the period of performance.

❖ **Summary of Responsibilities:**

GTR	<ul style="list-style-type: none"> • assist the Grant Officer in negotiation of amendments • technical review of requests for amendments • evaluate and recommend, as appropriate, grant agreement modifications
Division Director	<ul style="list-style-type: none"> • provide quality control and assurance
Grant Officer	<ul style="list-style-type: none"> • process and execute award amendment

Work plan, budget, or grant award amendments occur at the request of the grantee. The GTR is responsible for evaluating amendment requests and making a recommendation to the Grant Officer to either approve (in total or with revisions) or disapprove the request. In addition, the GTR assists the Grant Officer in preparations for the negotiation and execution of the modification. The amendment process, in general, is as follows:

- 1) The grantee submits a request for an amendment and supporting documentation to warrant the amendment.
- 2) The GTR evaluates the request and makes a recommendation to the Grant Officer within 10 days of receipt of an amendment request. However, if additional information is needed from the grantee, the 10-day period does not begin until any additional information requested is received by the GTR.
 - a. The GTR documents the grantee file for any request for additional information with the time, date and summary of the additional information being requested.
- 3) The Division Director reviews the amendment request for program merit and quality control.
- 4) The Grant Officer and GTR collaborate to negotiate the amendment with the grantee (if necessary).
- 5) If agreed by the GTR and Grant Officer, the amendment is executed by the Grant Officer. The modification is not effective until the HUD-1044 is executed.

A. Budget Modifications

Grantees and sub-grantees are permitted to re-budget up to 10% of their grant amount within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the prior written approval of the awarding agency. Written approval for re-budgeting requests by the grantee for up to 10% of the total approved grant amount is done by the GTR.

Except as stated in other regulations or an award document, grantees or sub-grantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non-construction award:

- Any revision that would result in the need for additional funding;
- Unless waived by the awarding agency, cumulative transfers among direct cost categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to **exceed ten percent** of the current total approved budget, whenever the awarding agency's share exceeds \$100,000.

B. Period of Performance Extensions

In general, the OHHLHC will consider for extension only those grants for which there is demonstrated and documented evidence that all other monitoring and grantee efforts have failed to deflect and/or correct performance shortfalls and that an extension, versus closeout or termination, is in the Department's best interests. The standardized period of performance extension policy (see Appendix 9) is summarized below:

- For grantees subject to the requirements of 24 CFR Part 85 (State, local, and Federally recognized Indian Tribal governments), extension requests must be made no later than 60 days prior to the end of the current performance period.
- For grantees subject to the requirements of 24 CFR Part 84 (Higher Education, Hospitals, and other Non-profit organizations), grantees may initiate a one-time extension of up to 12 months and must notify the GTR in

writing, along with the supporting reasons and expiration date, at least 10 days before the current award's period of performance ends (this is subject to the requirements set forth in the NOFA and all other requirements of CFR 24 Part 84 (e)).

- No grant will be extended more than once and the extension must commit the grantee to clear, at a minimum, the units committed to in the grantee's original grant Assistance Award.
- The terms and conditions of the award must not prohibit the extension.
- Documented evidence in the GTR file must demonstrate that the grantee has: 1) Timely submitted required reports; 2) Advised the GTR of deviations from the budget and work plan; and 3) Made a concerted effort to address extenuating circumstances beyond the grantee's control.
- No additional extensions will be approved for high-risk grantees.
- Extension requests must be submitted in writing and must be documented via a written modification to the grant Assistance Award signed by the Grant Officer.
- Extensions must comply with all other requirements set forth in 24 CFR sections 85.30 and 84.25, as appropriate.
- Extensions recommended by the GTR must be concurred on by the Division Director, Grant Officer, Deputy Director and Director.
- The Office of General Counsel should review all extensions, prior to execution, that might have HUD Reform Act implications (e.g., the extension could significantly impact the selection criteria against which the grantee was judged). That is, OGC should review all extensions that OHHLHC determines, if judged against the published selection criteria, could have affected the rating, ranking, or scoring of an applicant's competitive application during the award process.
- No extensions for grantees that have sub-grantees and/or contracts in progress with tasks extending beyond the current period of performance.

CHAPTER 4: CLOSEOUT

- ❖ **Purpose:** This chapter describes the process by which HUD determines that all applicable administrative and project requirements have been completed by the grantee and HUD.
- ❖ **Context:** Close-out is the last phase of the grants management process. At this stage, the grantee is evaluated for accomplishments over the period of performance against expected performance.
- ❖ **Summary of Responsibilities:**

GTR	<ul style="list-style-type: none"> • review and approve the final narrative progress report, or final report as applicable, submitted by a grantee according to established policies and procedures • prepare the GTR Final Performance Assessment Report (HUD 24016) and forward to the Grant Officer for final closeout action
Division Director	<ul style="list-style-type: none"> • provide quality control and assurance
Grant Officer	<ul style="list-style-type: none"> • initiate administrative close-out actions • notify grantee of close-out

ADMINISTRATIVE CLOSEOUT PROCESS

A. Grantee Submission Requirements (see Appendix 3)

Closeout documentation required by the grantee includes:

- Final Narrative Report, or Final Report, as applicable.
- Final Financial Report (SF-269) and Final Voucher (HUD-27053).
- For LHC grants, the final Section 3 report (HUD-60002)

B. GTR Responsibilities

In order to formally close-out the grant, the GTR:

- Advises the grantee that the grant is to end 180 days and then again 90 days before the end date
- Advises the grantee of Requirements for Closeout (see LHC PGI 2000-02 in Appendix 7)
 - For grants to institutions of higher education, hospitals, and other non-profit organizations, see 24 CFR 84.71, Closeout procedures.
 - For grants to state and local governments, see 24 CFR 85.50, Closeout, and LHC Program Guidance PGI 2000-02.
- GTRs must provide the following documentation for close-out:

- 1) Final Financial Report (SF-269) and Final Voucher (HUD-27053). The balance reported on the SF-269 MUST agree with the balance reported in LOCCS;
- 2) Final GTR Performance Assessment (HUD-24016 - see Appendix 4);
- 3) Grantee Final Performance Report;
- 4) GTR letter to grantee approving Final Performance Report (see Appendix 9 for sample);
- 5) A printout of the LOCCS account indicating any balances (Q05 query from LOCCS); and
- 6) Final Section 3 report (HUD-60002), if applicable.

NOTE

The Grant Closeout Checklist in Appendix 4 should be used as a guide for GTRs when submitting the close-out package.

C. Evaluation

The GTR shall complete form HUD-24016, Final GTR Performance Assessment for Assistance Agreements (Appendix 4-A), upon approval of the grantee's final report and other applicable forms.

- For LHC grants, the final narrative report shall be reviewed based on the criteria outlined in LHC Program Guidance PGI 2000-02 (see Appendix 7)
- For other grants, the final report shall be reviewed in accordance with the NOFA and the grant agreement.
- Unacceptable final reports should be returned to the grantee with a letter from the GTR explaining any deficiencies with a copy of the letter forwarded to the Grants Officer.

When rating the grantee's performance on the HUD-24016 the GTR should consider the following:

- Whether the grantee has completed all performance requirements;
- The acceptability of performance by major objectives or task;
- Whether property was furnished to or acquired by the grantee; and,
- The grantee's expertise, ability to keep actual costs and completion times in line with those originally estimated, and other aspects of their performance.

D. Submission of Final Closeout Package

In order for the Grant Officer to officially closeout a grant, a completed closeout package should be submitted by the GTR to the Grant Officer through the Division Director. The Division Director will conduct quality control before forwarding the package to the Grant Officer.

NOTE: Before submitting the closeout package, the GTR shall obtain a final voucher from the grantee, covering remaining expenses within the grant amount. Grantees are allowed to incur costs to prepare the final report and final financial status report up to 90 days after the grant period of performance ends. However, with the exception of the final reports, all other deliverable products must be completed by the end date of the grant.

The Grant Closeout checklist in Appendix 4 contains the details for forwarding the approved final report package to the Grant Officer. Any incomplete packages will be returned with a list of the missing items.

E. Administrative Actions

After receipt of the GTR assessment, the Grant Officer initiates necessary actions to close the award. This may include audit resolution, financial settlement, payment approval, de-obligation of un-expended balances, property disposition (in accordance with Chapter 8 of HUD Handbook 2235.7, Personal Property Management), and execution of closeout agreements.

F. Grantee Notification

Upon completion of all administrative actions for closeout, the grantee shall be notified, in the form of a letter (see Appendix 9 for sample) from the Grant Officer or an amendment to the

award (see Appendix 9 for sample), of the terms and conditions of closeout including:

- Final financial settlement;
- Provision for submission of audit reports and due dates,
- Record retention requirements; and,
- If closeout is made without full audit coverage, a statement that HUD reserves the right to recover disallowed costs or take other appropriate action if HUD determines that information provided by the grantee was false or erroneous.

G. Filing Closeout Documents

The GTR files appropriate copies of closeout materials in the GTR file according to established protocol (Program Office responsible for protocol). After the Grant Officer officially closes the grant, the GTR shall forward his/her copy of the complete GTR file (all documents should be secured in the file) to the appropriate staff assistant for proper file retention.