HUD ACT of 1968

50 Years 1968 - 2018

50 Years of Promoting *Economic Opportunity*

NATIONAL TRAINING CONFERENCE

June 18 - 20th

SECTION 3 of the Housing and Urban Development Act of 1968

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

EQUAL HOUSING OPPORTUNITY

NATIONAL TRAINING CONFERENCE

MONITORING PERFORMANCE UNDER SECTION 3/ CONDUCTIING COMPLIANCE REVIEWS

June 20, 2018
Day 3 - Dallas, TX, 09:00 am - 10:30 am

SECTION 3
of the Housing and Urban
Development Act of 1968

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

EQUAL HOUSING OPPORTUNITY

Public Trust Officers

Ensure that their Department's programs and operations are carried out efficiently, effectively and in compliance with applicable laws and regulations.

(Whether in Headquarters or in the Field) should restore the public's faith in HUD's ability to manage programs and provide critical housing and economic development resources to communities across the country.

SECTION3

of the Housing and Community
Development Act of 1968

Monitoring is:
- an integral management control technique,
- a Government Accounting Office (GAO) standard; and
- an ongoing process that assesses quality of performance over time.

Monitoring provides:
- information about program participants that is critical for making informed judgements about program effectiveness and management efficiency and

- helps in identifying instances of fraud, waste, and abuse

The GOAL of Monitoring

➢ To ensure quality in the overall compliance and monitoring process

➢ To determine if the offices internal monitoring process is working

➢ To determine if the performance of program participants is improving

Procedures and Guidelines Used for Monitoring Recipients'

- **To strengthen the oversight of field operations and ensure that monitoring programs and policies are carried out effectively, program offices are responsible for developing and maintaining**:

- Risk assessment models for their programs.
- Annual work plans, based on Management Plan goals and risk assessment results, including monitoring, workload priorities, and resources.
- Monitoring policies, procedures, and guidelines, as well as training updates.
- Program performance evaluation policies, plans, and schedules for field office visits and reviews.
- Reporting and information systems to track and monitor field office operations and activities.

The Five Central Categories of Risk

- **Financial.** The extent to which program participant accounts for and manages financial resources in accordance with approved financial management standards. Financial risk also assesses the amount of potential monetary exposure to the Department.

- **Physical.** The extent to which HUD-funded physical assets are maintained and operated according to established standards. **504 Compliance**

- **Management.** The extent to which the program participant has the capacity to carry out HUD programs according to established requirements.

- **Satisfaction.** The extent to which clients express satisfaction or dissatisfaction with the delivery of program services.   **COMPLAINTS**

- **Services.** The extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele. **LEP, Section 3**

What Does A RISK Tool Look Like and How is it Used?

- **Risk Management Reporting Form for CPD, PIH, Multi-family**

- **CHAPTER 22 OF CPD HANDBOOK**

- **EXHIBIT 22-7 – GUIDE FOR THE REVIEW OF SECTION 3**

Responsibilities for Monitoring

- HUD Field Offices are responsible for coordinating and conducting monitoring and/or compliance reviews of PHAs and local governments within each region
- Headquarters staff provides technical assistance to Field Office staff.
- Monitoring methods are initiated through
  - On-site reviews or
  - Remote reviews

ON-SITE MONITORING

● **Essentially occurs for high-risk program participants and recommended for other participants, to the extent practicable. The scope of such monitoring reviews can include:**

■ A minimum review of each major activity, expanding the scope if problems become apparent.

■ An in-depth review of program compliance based on monitoring guidance requirements.

■ A minimum review of all major activities, including a mandatory in depth review of critical functions.

■ An in-depth review of high-risk participants in areas where performance is inadequate or a known problem exists.

A program's monitoring strategy doesn't always result in the recipient being a high risk participant

REMOTE MONITORING

Are those activities, other than on-site monitoring, that HUD undertakes to evaluate program participants' performance. Remote monitoring activities include:

- evaluating program participant performance reports and information in electronic databases,
- reviewing audited financial statements,
- evaluating interim project cost reports, and
- requesting data from the participant for verification.

How is the decision to monitor or to initiate a compliance review determined?

- As a result of an FHEO risk analysis. FHEO initiates frontend reviews on all deliverables reviewed or review requests. Example a Share Risk analysis form
- In response to a Program Offices monitoring.   Example CPD 22-7
- In response to a complaint or reports alleging that the recipient of HUD funds failed to comply with the Section 3 requirements)

ALL PROGRAMS HAVE REQUIRED REPORTING DOCUMENTS THAT ARE REVIEWED WHEN SUBMITTED

The results of each program recipient's front-end review monitoring are charted for its low, moderate or high risk value. FHEO then develops a report on all monitoring and risk analysis initiated and develops a recipient CRRPR/ Section 3 list of remote and/or on-site monitoring possibilities.

- FHEO can initiate remote monitoring efforts as a result of HUD program staff monitoring tools and shared monitoring reports and referrals
- FHEO also shares it monitoring list with its program counterparts.
- FHEO often initiates joint monitoring efforts with other program offices