**CHAPTER 39**

**VETERANS HOUSING REHABILITATION AND MODIFICATION PILOT PROGRAM (VHRMP)**

39-1 APPLICABILITY. This Chapter provides comprehensive monitoring guidance for the Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP), including VHRMP grants awarded in Fiscal Year 2018 and later. The Office of Rural Housing and Economic Development (ORHED) is responsible for monitoring VHRMP grants.

39-2 PURPOSE. The purpose of VHRMP is to explore the potential benefits of awarding grants to nonprofit organizations to rehabilitate and modify the primary residences of veterans who are low-income and have disabilities. **The Program supports activities that address the adaptive housing needs of the veteran.**

39-3 GOALS. The overall objective of monitoring VHRMP grants is to assess grantees’ performance, identify and address areas of noncompliance, and prevent fraud, waste, and mismanagement of the VHRMP grant.

39-4 PREPARING FOR MONITORING. Before monitoring, the ORHED reviewer must be familiar with both the VHRMP program requirements and the design and operation of the VHRMP program**.** The ORHED reviewer must also consult the CPD Monitoring Guide, a manual that sets out instructions and procedures for carrying out the monitoring review. Prior to monitoring, the ORHED reviewer should review the following information and materials:

* executed Grant Agreement(s);
* the approved VHRMP grant application;
* all VHRMP grant application amendments;
* the Notice of Funding Opportunity (NOFO) for the VHRMP grant that is being monitored;
* **grant information in DRGR, including performance and financial reports**
* Line of Credit Control System (LOCCS) Forms [HUD-27054, LOCCS Voice Response System Access Authorization];
* all prior audit and monitoring reports; and
* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

The ORHED reviewer should review the approved VHRMP grant application thoroughly to become familiar with the objectives and activities relating to the specific VHRMP grant. Reviewing the application is particularly important due to the unique nature of each VHRMP application.

39-5 COMPLIANCE WITH THE UNIFORM REQUIREMENTS OF 2 CFR PART 200. All VHRMP grants monitored in accordance with this Chapter 39 will be reviewed for compliance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ORHED reviewer should review the Uniform Requirements. In completing monitoring requirements for the VHRMP grants, Exhibits 34-1A, 34-2A, 34-3A, and 34-4 in this Handbook will be completed for each VHRMP grantee.

39-6 File Selection and Sampling. All VHRMP grants will be monitored by the ORHED reviewer. Where it is indicated that a file review is necessary to answer the Exhibits questions, the ORHED reviewer should consider the following factors when determining the specific files that would comprise the review sample:

1. Where feasible, initial file selection should be made using a random selection method.
2. The ORHED reviewer should consider adding more files to this selection in order to:

1. include a file or files from each staff person working in the respective program area being monitored;

1. expand the sample, if possible, to include additional files with the same characteristics, if indicated by the severity or nature of any problem(s) noted during the initial selection’s review (for example, same problem category, same staff person, same activities, or other characteristics).

This expanded sampling aids in determining whether problems are isolated events or systemic.

1. The ORHED reviewer may also add files to the selection from any project that the reviewer has reason to believe may have compliance problems or that substantially differs in terms of size, complexity, or other factors from other projects that the VHRMP grantee has undertaken.