
CHAPTER 2. MANAGEMENT OF THE MONITORING FUNCTION

2-1 ROLE OF STATE/AREA OFFICE. Each state/area office is responsible for monitoring all HDG projects in its jurisdiction and for assigning staff and other resources (e.g., travel budget) necessary to carry out monitoring activities.

(a) Staff Involved through Settlement. Multifamily Housing Production staff will coordinate desk monitoring and on-site monitoring from award of the grant through construction and project settlement. On-site monitoring, in particular, will be conducted by a team of specialists from various disciplines. The team will be headed by the HDG Program Coordinator or a multifamily representative and include the input of other Housing Development Technicians. Fair Housing and Equal Opportunity (FH&EO), Community Planning and Development (Environmental and Relocation Specialists) and Labor Relations staffs will also participate in and/or monitor aspects of the project as pertains to their respective areas. Specific review activities for desk and on-site monitoring prior to settlement are described in Chapters Three and Four of this Handbook, respectively.

(b) Staff Involved Post Settlement. Multifamily Housing Asset Management staff will conduct monitoring after settlement with assistance from other disciplines as appropriate.

2-1

1/96

4591.1

2-3. ROLE OF HEADQUARTERS. Headquarters HDG staff will be available for consultation on corrective actions, for interpretation of HDG requirements, and for data on the status of projects, e.g., records of letter of credit draws and status of Grant Agreements.

2-4. POST MONITORING ACTIONS.

(a) Documentation. Document monitoring reviews fully with all working papers, monitoring reports, monitoring letters and other correspondence related to each review.

(b) Monitoring letter. Upon completion of a monitoring review, either desk or on-site, prepare a letter to the grantee containing the following information:

(1) Project name and number of each grant monitored;

- (2) Field office staff who monitored and date(s) of the review;
- (3) Scope of monitoring, including all areas monitored, e.g., project leveraging ratio, development progress, occupancy, relocation, etc;
- (4) Monitoring conclusions (both positive and negative) for each area monitored and for the project as a whole, supported by the facts considered in reaching the conclusions;

Clearly identify any negative conclusions as either a finding or as a concern based on the definitions in Chapter 1, paragraph 1-2 of this Handbook. Also, when appropriate and feasible, include the amount of money involved.

- (5) If appropriate, an indication that findings were resolved on-site or in the case of desk monitoring, indicate that the finding was resolved in-house as a result of conferring with the grantee;

2-2

9/89

4591.1

- (6) Specify corrective action, if any, required for each unresolved finding or recommended for each unresolved concern, and the due date for correcting such deficiency; and,
 - (7) If appropriate, an offer of technical assistance or an indication that technical assistance has been provided.
- (c) Field Office Remedies. In the event of negative conclusions the monitoring letter must specify remedies.
- (1) Corrective Actions. If a performance deficiency is identified, require corrective action in accordance with 24 CFR 850-103. For those deficiencies which are concerns, recommend action to remedy the concern.

Recommend corrective actions to first, correct the deficiency; second, mitigate any adverse effects; and third, prevent a recurrence of the same or similar deficiency. As there may be a number of acceptable solutions to resolving a deficiency, allow the grantee to respond to each problem with any reasonable solution of its choice.
 - (2) Sanctions. In the event the grantee persists in a

performance deficiency and fails to take the required corrective actions, take appropriate actions as specified in 24 CFR 850.105, 850.107, and 850.155.

(d) Staff Responsibility for the Monitoring Letter.

- (1) The Housing Development Grant Program Coordinator or other team leader should prepare the monitoring letter with input and concurrence from each specialist participating in the review. The team leader may also consult with specialists who did not participate in the review but whose areas were covered. For example, if compliance with labor standards was monitored by the HDG Program Coordinator, Labor Relations staff should be consulted.

2-3

9/89

4591.1

- (2) Request Field Counsel concurrence in the following circumstances:
 - (i) When corrective action is required;
 - (ii) When potential litigation is indicated;
 - (iii) When litigation has begun or when settlement has been proposed; and
 - (iv) When sanctions are imposed.

2-5. FOLLOW-UP ACTION.

- (a) If the grantee fails to meet a target date for corrective action, contact the grantee, by telephone, regarding the required corrective action and document the telephone call.
- (b) If the telephone conversation does not indicate that grantee is making a satisfactory effort to correct the deficiency, send a letter within 15 days of the target date requesting the status of the required action and warning the grantee of possible sanctions set forth under 24 CFR 850.105, 850.107 and/or 850.155.
- (c) When the grantee provides evidence that corrective action has been implemented, determine within 15 days whether the performance deficiency has been corrected. If the deficiency has not been corrected, send a letter to the grantee which specifies the needed additional action and due date.

2-6. CLOSING MONITORING FINDINGS. When the grantee has taken satisfactory corrective action, send the grantee a letter closing the

finding(s).

2-7. IMPOSITION OF SANCTIONS. Impose sanctions only after all other appropriate steps to resolve the finding have failed.