



**The
Office of Rural Affairs
Presents**



Self-Review Monitoring



Introducing Self-Monitoring

What is Self-Monitoring?

Grant Recipient may be permitted to conduct a comprehensive review of project records for compliance monitoring of a TxCDBG contract.

- Risk-assessment of project determines whether review will be conducted as a Self-Review, Desk Review, or On-Site Review.
- Person conducting the Self-Review must have current certification for TxCDBG Project Implementation.



Why Risk-Based Monitoring?

- HUD instructed TDA to transition to risk-based monitoring following their review of the TxCDBG Program.
- CDBG staff enhanced an existing risk assessment methodology through HUD technical assistance and by consulting with TDA internal auditors.
- Level of risk (high, medium, or low) determines method of compliance monitoring:
 - High Risk – On-site Review
 - Medium Risk – Desk Review
 - Low Risk – Self-Review (NEW)
- TDA piloted the self-review procedure with a pool of 50 TxCDBG contracts.



Goals of Self-Review Method

- Use Risk-Based methods for enhanced focus on use of compliance monitoring resources.
- Enable Grant Recipients to participate in compliance review process and self-identify findings.
- Expedite the monitoring and closeout process.



Selecting Contracts for Self-Review

1. Contracts are first selected if grant funds are $\geq 75\%$ drawn or construction is complete or near completion.
2. TDA determines whether a project qualifies for self-review by considering several factors to assess risk level.

Some Factors Considered:

- Amount of the grant
 - Number of prior compliance findings
 - Complexity of the project (e.g., type and number of activities)
3. TDA randomly selects 10% of available pool of low risk contracts to be conducted as desk reviews.



Scope of Self-Review

- Self-Review monitoring covers the same areas of compliance as desk reviews and on-site reviews, except for financial management which is reviewed by TDA Monitors.
- Compliance categories formally reviewed by TDA Compliance staff can usually be omitted from the self-review.

For example: An Environmental Review Record monitored by TDA's Environmental Review Compliance Specialist does not require a subsequent self-review.



Financial Management Review

- TDA Program Monitoring staff conduct a review of the Grant Recipient's financial management records at the same time of the self-review.
- A request for financial records is sent with the emailed notice for the self-review monitoring.
- Records are due within two weeks of the notice.
- TDA will notify the Grant Recipient of any findings or concerns related to financial management.

TxCDBG No.: _____ Grant Recipient: _____
FINANCIAL MANAGEMENT COMPLIANCE REVIEW

Documents Request

Please check the box for each item included in the documents provided for review.

- Ledger/spreadsheet for TxCDBG funds
- Ledger/spreadsheet for local match funds
- Current Financial Audit Report (complete audit report)
- Audit Certification Form(s)
- Designated Depository/Authorized Signatory Form
- Direct Deposit Authorization Form (if applicable)
- Financial Interest Report(s)
- Drawdown Requests
- Documentation of Drawdown Transactions/Match – Purchase Vouchers, Request Summaries, and all supporting documentation (i.e. invoices, personnel timesheets/personnel cost calculation worksheets/equipment/material records, etc.)
- Source Documentation to support the receipt and disbursement of CDBG and local matching funds (e.g., cancelled checks, deposit slips, monthly bank statements, etc.)
- Amount of interest earned on CDBG funds (if applicable)
- Approval of Budget Modification(s)/Performance Statement(s)/Amendment(s) (if applicable)
- Fidelity Bond / Employee Dishonesty Coverage
- Documentation of other federal or state funding awards other than TxCDBG
- All Documentation Regarding Response to Audit Certification Report/Audit Compliance Letters

Best Practices

When submitting Drawdown requests, invoices and bank statements, it would be very helpful if the following order was used for **each** drawdown request:

- 1) Copy of drawdown request
- 2) Invoices and match support documentation related to the particular drawdown request
- 3) Bank statements related to the particular drawdown request verifying deposit and disbursement of funds.

Grant Recipient Financial Management Questionnaire

Please provide answers to the following questions pertaining to the Grant Recipient's financial management:

FINANCIAL MANAGEMENT REVIEW				
		Y	N	
1.	Who is authorized to sign disbursement checks and how many signatures are required?			Names & Titles: _____ _____ _____ Signatures Required: _____
2.	Who reconciles transactions on the City's/County's bank account for grant funds?			Name: _____ Title: _____
3.	Do disbursements require City Council/Commissioner Court approval before checks are issued?			
4.	Please provide a brief explanation of any other controls in place for managing grant funds.			



Conducting the Self-Review

- Self-Review must be conducted by a person with current certification for TxCDBG Project Implementation.
- Project records must be examined and compliance checklists must be fully completed.
- The reviewer must make pertinent notations of records reviewed in the Documents Source and Comments column.

ENVIRONMENTAL REVIEW				DOCUMENT SOURCE, COMMENTS, AND CORRECTIVE ACTION TAKEN
	Y	N	N/A	
1. What was the level of environmental review conducted for the TxCDBG Contract?				<input type="checkbox"/> Exempt <input type="checkbox"/> Categorical Exclusion <input checked="" type="checkbox"/> Full Environmental Assessment
2. Were all costs incurred after clearance of the environmental review and all construction-related special conditions?	✓			Contract Start date: <u>11-12-13</u> TDA Clearance date: <u>4-9-14</u> Construction Contract date: <u>10-22-14</u>
3. Is the Environmental Review Record available for public review?	✓			Name of certifying Officer: <u>MIKE MCLEOD, MAYOR</u> (AT TIME OF CLEARANCE)
4. Did the Grant Recipient submit a Compliance Documentation Checklist (24 CFR 58.6) with pertinent support documents? Note: This checklist is required for all levels of review.	✓			SUBMITTED TO TDA <u>3-2-14</u>
5. Does the project description include the following:				
Project name, funding source and location;	✓			<u>MERCEL CREEK, TEA, CITY</u>
Use of project	✓			<u>WATER IMPROVEMENTS</u>
Size of project (sq. ft., No. of units, etc.)	✓			<u>COATING, HATCH, PILING</u>
Type of Construction	✓			<u>WATER TANK RENOVATION</u>
6. Is the project description similar in quantities and locations to the Performance Statement Listed as Exhibit A in the contract?	✓			<u>DESCRIPTION MATCHES EXHIBIT A</u>
7. Is the project description in the Environmental Review the same project that was constructed?	✓			<u>PROJECT CONSTRUCTED AS IDENTIFIED</u>
Exempt				
1. Does the ERR contain the Grant Recipient's Exemption Determination for Activities Listed at 24 CFR §58.34 certification for Engineering and Administrative/Management activities?	✓			Date of Certification <u>11-12-13</u> Eng. Contract Date <u>11-12-13</u> Grant Mgmt. Contract Date <u>11-12-13</u>
2. Does the ERR contain the Exemption Determination for Activities Listed at 24 CFR §58.34 Checklist, including written documentation of its determination that each activity or project is Exempt and meets the conditions specified for such exemption?	✓			<u>EXEMPTION FOR ADMINISTRATION & ENGINEERING</u>
3. Did the project convert to Exempt from Categorically Excluded Subject to 58.5 under 24 CFR 58.34(a) (12)?			✓	<u>NO CONVERSION</u>
4. Is the original Environmental Clearance Letter from the Department for Exempt on file?	✓			Date of Clearance: <u>4-9-14</u>



Conducting the Self-Review

- The reviewer must self-report any violations of policy and program requirements, which may include
 - state and federal laws and regulations,
 - program rules, and
 - TxCDBG contractual provisions.
- Briefly list and summarize any findings on the coversheet for each compliance section.
- Attach evidence of corrective action taken (e.g., evidence that the Grant Recipient has come into compliance or attach a corrective action plan).



Corrective Action Plans


- For any findings that cannot be remediated, the Grant Recipient must provide TDA with a written corrective action plan (CAP).
- The CAP must include at minimum:
 - The process to be implemented;
 - Identify who will be involved in the process,
 - Name a certifying officer responsible for implementing the plan, and
 - Provide the date on which the plan of action will be effective.
- The CAP must be on the City's/County's letterhead and must be signed by the certifying officer.



Certify the Self-Review

When the self-review is completed:

- The chief elected official or executive officer appointed by the local governing body must certify the checklists (Form A1302).
- The reviewer must also sign the certification form affirming true and accurate completion of the checklists.
- The Grant Recipient submits the completed checklist to TDA, with any relevant attachments. For example:
 - Evidence of non-compliance,
 - Documentation demonstrating remediated compliance, or
 - Corrective action plans.



COMMISSIONER SID MILLER

Office of Rural Affairs
Texas Community Development Block Grant Program

A1302

SELF-MONITORING REVIEW CERTIFICATION

Grant Recipient:	TxCDBG No.
By signing this Self-Monitoring Review Certification, I certify to the best of my knowledge and belief that the attached monitoring review checklists are true, complete, and accurate and that they were completed by a person possessing a current certificate for successful completion of TxCDBG Program Project Implementation training. I also certify that any findings of non-compliance have been accurately self-reported. A copy of this Self-Monitoring Review will be retained in local files with all project records in accordance with TxCDBG program project implementation policy.	
Chief Elected Official Signature	Title:
Printed Name:	
Date:	

Based on my examination of pertinent project records for the referenced TxCDBG contract, I hereby certify that I have truthfully and accurately completed the attached Self-Monitoring Review checklist.

Signature of Reviewer:	Reviewer Title or Name of Firm:
Printed Name:	
Date:	

TDA Use Only
Acceptance of Self-Monitoring Review

TxCDBG Program Monitor Signature:	Date:
Printed Name:	



TDA Acceptance of Self-Review

- Once the Grant Recipient has submitted the certified checklists to TDA, Program Monitoring staff conduct a quality review.
- Monitor will notify the Grant Recipient if self-reported findings require further action or if findings not self-reported must be addressed.
- If quality review determines that checklists are adequate, the Program Monitor accepts the checklists and notifies the Grant Recipient.



TDA Acceptance of Self-Review

Please Note:

- Repeat violations or violations of state or federal laws or regulations may be assessed additional sanctions or penalties if warranted.
- Following acceptance of the self-review, project records for all areas of compliance remain subject to further review.



Random Selection for Desk Reviews

- Low Risk contracts may still be randomly selected for a desk review.
- Ten percent (10%) of pool of low risk contracts will be selected.
- TDA reserves the right to conduct a desk review or on-site review at its discretion.



Technical Assistance Resources

Best resources for conducting self-reviews:

- TxCDBG Project Implementation Manual
- Contact assigned Program Monitor for further questions and guidance on utilizing the checklists and with evaluating compliance.



QUESTIONS?

