Third Thursdays with CDBG: Monitoring & Risk Assessments

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Iowa Economic Development Authority

Agenda

- Understanding “Monitoring”?
- High-level Overview
- Risk Assessments
- Q&A Part I

  15-minute break
- Language: Findings, etc.
- Site Visit – Deep Dive
- Next Steps
- Q&A Part II

Understanding “Monitoring”?

- *Through systematic monitoring through the course of the project vs one single instance, IEDA a) ensures the performance of the recipient, subrecipient, contractor(s), and/or developer(s) is in compliance with state and federal rules and regulations through the course of the progression and b) seeks to improve that performance, when necessary, by making recommendations, providing technical assistance, and/or issuing compliance findings.*

Understanding “Monitoring”?

- “Who” is *doing* the monitoring?
  - IEDA Project Managers
- “Who” is being monitored?
  - Recipient (city/county)
  - Subrecipient (nonprofit) – as applicable
  - Contractors (both general/prime and subcontractors) – as applicable
  - Developer(s) (typically in housing projects) – as applicable
- “What” is being monitored?
  - The performance (or actions) of all of these stakeholders

Understanding “Monitoring”?

- “Where” does monitoring take place?
  - More on this later – but sometimes virtual, sometimes in person
- “When” does monitoring take place?
  - Again, more on this shortly – but throughout the life of the project
- “Why” do we monitor?
  - Per 2 CFR 200.328-339, to determine whether all stakeholder actions are *in compliance with state and federal rules and regulations*
  - In order to improve those actions to meet the compliance requirements

Understanding “Monitoring”?

- “How” do we monitor?
  - In short: review for compliance, and then
  - If necessary, improve stakeholder performance via:
    - Making recommendations
    - Providing technical assistance
    - And/or issuing compliance findings

Understanding “Monitoring”?

- Language matters: “Monitoring” versus “Site Visit”
  - “Monitoring” is an umbrella term
  - “Monitoring” covers the life of the project – various monitoring activities
  - “Site Visit” is a particular point-in-time monitoring activity
  - “Site Visit” is a formal, deeper dive into a project

Understanding “Monitoring”?

- When and how we monitor:
  - Contractor Clearance Reviews
  - Claim Reviews
  - Site Visit
  - Documentation/Desk Reviews
  - Closeout Reviews
  - Annual Risk Assessments
  - Audit Review Process

High-level Overview

- Contractor Clearance
  - Debarment checks & licensing
  - Procurement
  - CDBG federal contract language provisions

High-level Overview

- Claim Reviews
  - Eligible/allowable expenses
  - Approval/proof of payment
  - BABA (as applicable)

High-level Overview

- Documentation/Desk Reviews
  - Environmental/Historic Reviews
  - Wage Rate
  - Section 3 (annually)
  - Housing unit verification

High-level Overview

- Closeout Reviews
  - National Objectives (blight, housing, limited clientele)
  - Project completion/impact
  - Beneficiary and other reporting data
  - Audit documents

High-level Overview

- Supplemental monitoring may be triggered…
  - Via external audit
  - Suspected fraud, waste, or mismanagement
  - At the discretion of the CDBG Team Lead

Risk Assessments

- Risk assessments are an annual IEDA internal review to assist project managers in determining the timing and frequency of monitoring or technical assistance.
  - Have been done for several years
  - IEDA has made changes to the process for more transparency and usefulness
  - This is for both the DR and Regular programs (does not include Covid or Technical Assistance grants)

Risk Assessments

- Risk assessments will be done annually at the end of each year for every open project.
- This new process will start in December of 2026.
- The assessment will be done through IowaGrants by the Project Manager by answering a few simple questions. Based on the outcomes, the PM will determine if technical assistance is required or when a site visit must be held (if different from normal procedure).

Risk Assessments

- The assessment will focus on the following categories:
  - Grant Administrator Management
  - Financial Risk
  - Project Compliance

Risk Assessments

- Grant Administrator Management
  - Is the CGA in:
    - Good standing?
    - Conditional standing?
    - Not in good standing?

Risk Assessments

- Financial Risk
  - Size of the award (bigger the award, the greater risk)
  - Program income (did project generate program income)
  - Match funding (local match drawn down at an appropriate percentage)
  - Claims (timing: drawn every 3-months without prompting)
  - Claims (documentation: proof of payment included, correct invoices, appropriate signatures, math is correct)
  - Local Audit: CDBG financial findings

Risk Assessments

- Project Compliance
  - Timeline / expenditure progress (meeting scheduled timeline)
  - Planning / construction compliance of the CGA and Subrecipient (compliance issues regarding Davis Bacon, BABA, Section 3, Procurement, Environmental, etc.)
  - Construction compliance of the contractor, subcontractors or developers
  - Complaints (fraud, conflicts of interest, etc. complaints from public)
  - Local Audit: CDBG compliance findings

Risk Assessments

- Risk Scores
  - 0 - 25 points (Low Risk): Site visit as required by Policies and Procedures (once per contract)
  - 26 - 50 points (Medium Risk): Site visit as required by Policies and Procedures (once per contract). Provide Technical Assistance (TA) within 3 months.
  - 51 - 75 points (High Risk): Site visit within 6 months or provide TA within 2 months. Hold any claim until remedy is in place.
  - 76 - 110 points (Very High Risk) – Site visit within 3 months or prior to the next claim (whichever comes first). Hold next claim until TA is provided within the next month and a remedy is in place. Place a contract hold until on-site monitoring or TA is complete.

Risk Assessments

- Upon Completion of Risk Assessment

  - A formal memo will be provided to the CGA and City citing the risks that are of noted concern and any TA will be scheduled to work through the risks and create an action plan to establish a remedy. This memo will be sent in January of each year.

  - Also of note, the CGA and City will be provided a memo if you are low-risk as well.

Q&A Part I

Let’s take a break… see you in 15

Language: Findings, etc.

- New monitoring compliance language
  - Concern
  - Finding
  - Corrective Action
  - Progressive Sanctions
- Why this switch?
  - HUD's resources use it
  - It's not altogether different from our current process; just a re-labeling

Language: Findings, etc.

- Concern
  - “A weakness in operations or performance which may become a finding in the future if not addressed”
  - Examples of “concerns”:
    - Poor detail in the SOFA meeting minutes
    - Equal Opportunity Policy not immediately visible or accessible to the public
    - City is unaware they are responsible for assisting with any housing discrimination complaints if they arise
  - Discussed/noted with recommendations/resources

Language: Findings, etc.

- Finding
  - "A material deficiency in operations or program performance, identified in the course of a formal Site Visit, which is a violation of a statutory, regulatory, or program requirement."
  - Examples of "Findings":
    - Required Davis Bacon-related documentation that does not exist
    - Required BABA manufacturing product certifications that does not exist
    - Not having completed an elective Fair Housing action
    - Improper acquisition procedure that did not adequately follow the URA
  - Sent in writing to Chief Elected Official, copying GA, clearly stated
  - Grounds for withholding payments.

Language: Findings, etc.

- Corrective Action
  - "A plan or measure that must be taken to resolve an identified finding of noncompliance"
  - How to resolve Findings via "Corrective Actions":
    - Write a plan outlining measures a City will follow to avoid the Finding in the future, AND
    - Create/collect the missing documentation, OR
    - Receive a sanction of some kind
  - Must be resolved within 45 days.

Language: Findings, etc.

- Progressive Sanctions
  - Sanction: “A penalty or restrictive measure that IEDA may impose in response to a) failure to comply with federal regulations or b) failure to resolve identified findings. These sanctions may be issued in a graduated or ‘progressive’ way.”
  - Issued in consultation with CDBG Team Lead, communicated in writing
  - Three tiers, dependent upon severity of issue

Language: Findings, etc.

- First-tier sanction
  - Increased technical assistance (TA) or training
  - Requiring more frequent reporting or project update communication from the City for a period of time
  - Targeted, follow-up, remote monitoring

Language: Findings, etc.

- Second-tier sanction
  - Restricting reimbursements
  - Disallowing certain expenses or requiring partial repayment
  - Imposing a contract hold or “probationary” status

Language: Findings, etc.

- Third-tier sanction examples:
  - Terminating award prior to project completion
  - Temporarily suspending the city from applying for future awards for a determined period of time
  - Working with an IEDA attorney to initiate legal action

Language: Findings, etc.

- Potential impacts to projects and stakeholders:
  - Project:
    - Progress/timeline, budget, and/or beneficiaries impacted
    - Additional resourcing/training
  - Recipient:
    - Findings in the project file
    - Greater involvement in the project/understanding of CDBG and federal grant administration
  - Grant Administrator:
    - Tie-ins to Certified Grant Administrator (CGA) Policy
    - Increased resourcing/training *and* City involvement

Language: Findings, etc.

- “Findings” and “Corrective Actions” are specific to Site Visits
- Concerning things may be identified throughout a project
- The equivalent of progressive sanctions may be issued via other monitoring activities

Site Visit – Deep Dive

- Purpose
  - Point-in-time review
  - Deep-dive
  - Formal
  - Involve Recipient

Site Visit – Deep Dive

- Initiating a Site Visit
  - Possible triggers:
    - 50% funds expended and/or scope completed
    - Next claim will exceed 50%
    - Via a Risk Assessment
  - Virtual or In-Person?
    - “Something (constructed) to see?” – in-person
    - Invisible deliverable – virtual
    - Purchased supplies – see program guidance
  - Notifications will use Correspondence feature of IowaGrants

Site Visit – Deep Dive

- Preparing for a Site Visit
  - Status of Funded Activities (SOFA) public meeting required
  - Logistics set
  - Grant Administrator uploads documentation
  - IEDA Project Manager works through IowaGrants
    - Review uploaded documentation
    - Answers questions in the form
    - Catalogues concerns and findings

Site Visit – Deep Dive

- “Day Of” – monitoring review
  - Site Visit form filled out
  - Involves both Grant Administrator and the Recipient
  - Concerns/Findings logged
  - Everything communicated (notes & verbally) – no surprises

Site Visit – Deep Dive

- “Day Of” – project site tour
  - City officials/staff welcome
  - Grant Administrator required
  - See progress / check against plans
  - Identify any roadblocks
  - Opportunity: talk with beneficiaries/stakeholders

Site Visit – Deep Dive

- Afterwards: Site Visit Report
  - IowaGrants Site Visit form completed
  - Site Visit Final Report created
    - Notes
    - Concerns/Findings - with due dates
  - Report sent via Correspondence

Site Visit – Deep Dive

- Afterwards: Corrective Actions (if applicable)
  - City provides a Corrective Action
  - Sent, reviewed, approved in IowaGrants
  - While pending, no claims will be paid out
  - If not resolved, some kind of progressive sanction to be issued

Site Visit – Deep Dive

- Afterwards: Clearance Letter
  - All Corrective Actions accepted (if applicable)
  - Site Visit submitted in IowaGrants
  - Clearance letter sent via Correspondence

Site Visit – Deep Dive

- A summary of timelines:
  - → Initial notification *(30 days before)*
    - → Uploads due *(7 days before)*
      - → PM review *(0-7 days before)*
        - → **Site Visit**
          - → Report/notification sent *(7 days after)*
            - → Corrective actions due *(45 days after)*
              - → Final closure *(60 days after)*

Site Visit – Deep Dive

- A summary of roles
  - Project Manager
  - Grant Administrator
  - Recipient (City/County)

Site Visit – Deep Dive

- IEDA Project Manager
  - Sets up site visit in IowaGrants
  - Sends initial alert
  - Reviews documentation
  - Asks questions & enters answers
  - Sends final report and associated notification letters
  - Manages any findings and follow ups (deadlines)

Site Visit – Deep Dive

- Grant Administrator
  - Assists in scheduling
  - Uploads requested documentation
  - Attends Site Visit
  - Provides verbal answers
  - Uploads corrective actions (tracks timelines/deadlines of that)

Site Visit – Deep Dive

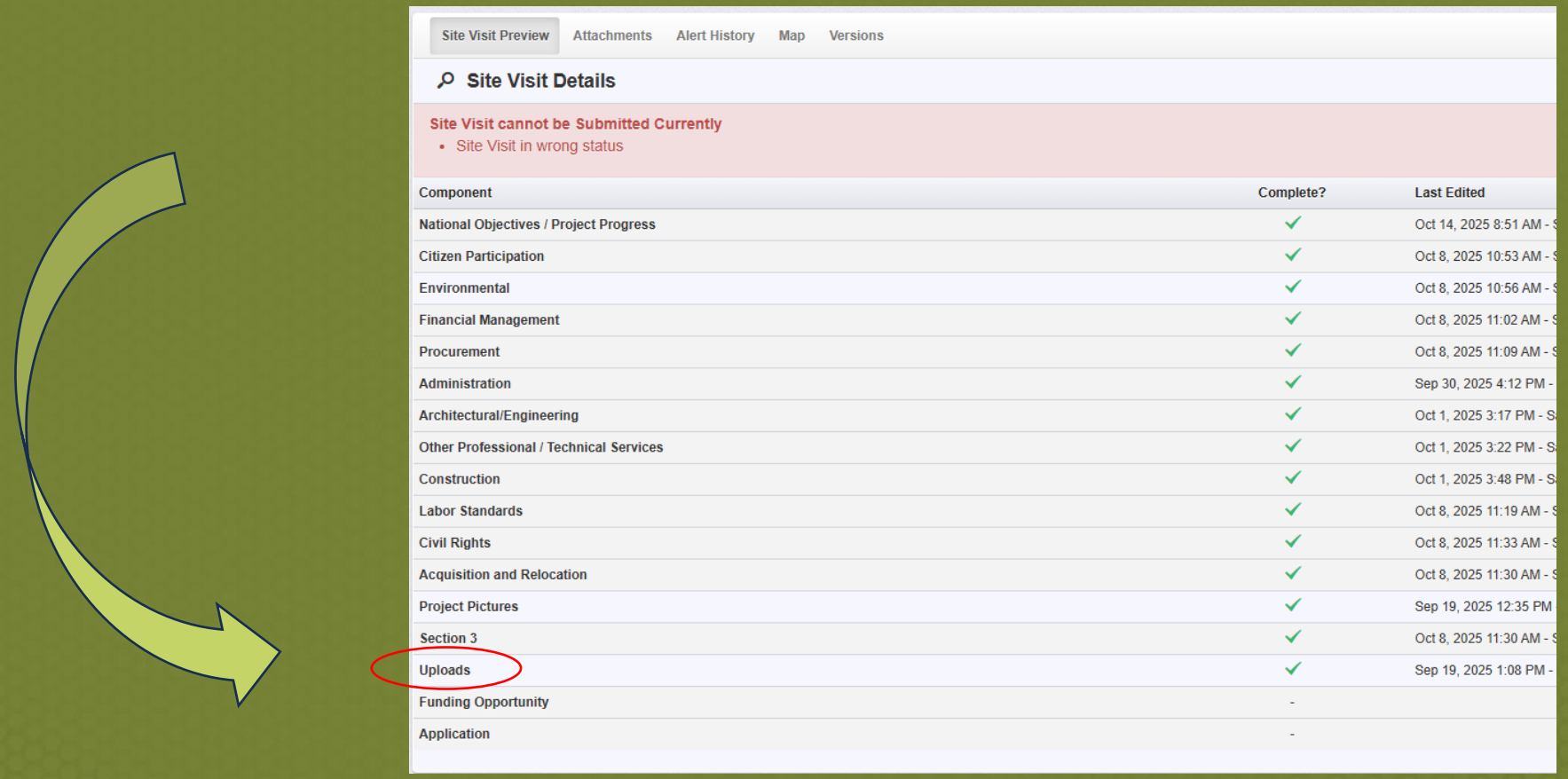
- Recipient (City/County)
  - Attends the meeting
  - Provides verbal answers
  - Provides corrective actions, if applicable

Next Steps

- Proposed changes to IowaGrants
  - Where documents are uploaded
  - Introducing an “Executive Summary” page
  - Tracking “concerns” and “findings” instead of “missing items”
  - Merging CDBG-DR (Disaster Recovery) and Regular CDBG
  - Removal of redundant information

Next Steps

- Where documents are uploaded
  - Currently, in the Regular program…



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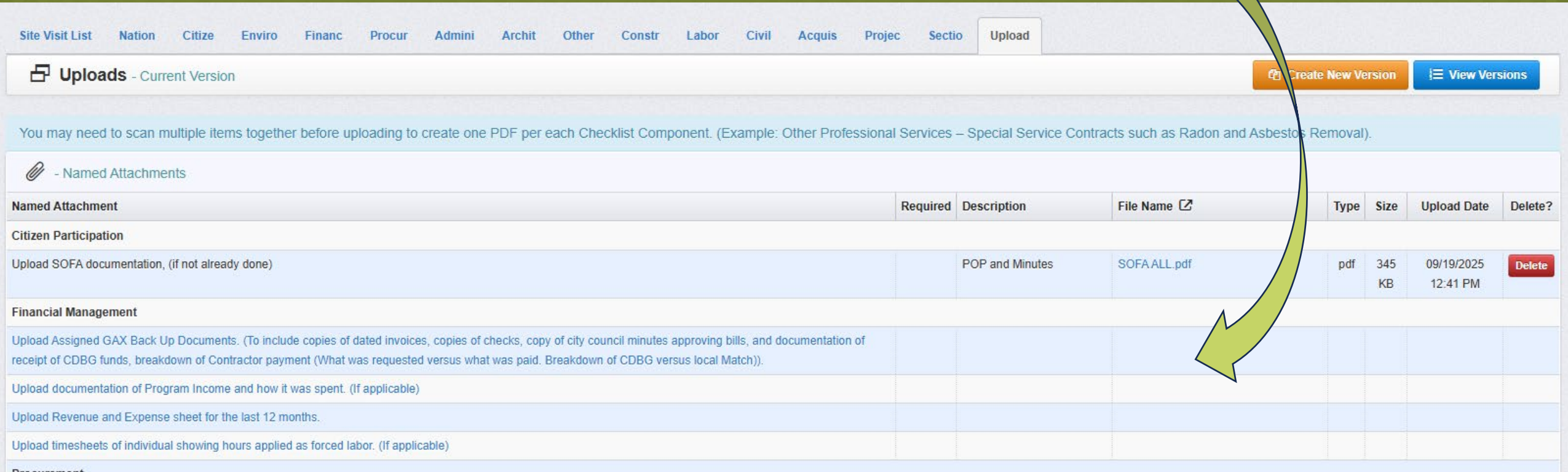
  - Currently, in the Regular program…



Next Steps

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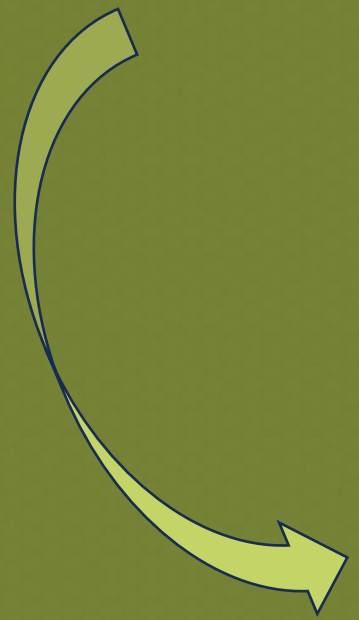
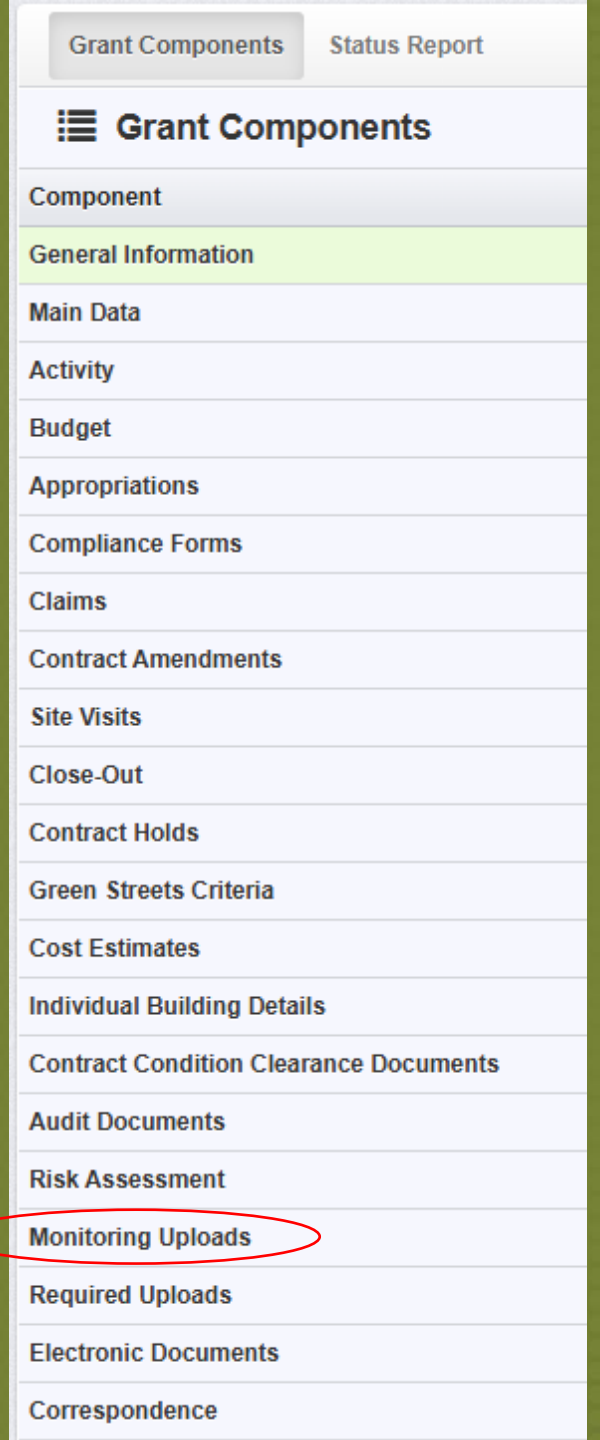
  - Currently, in the Regular program…





Next Steps

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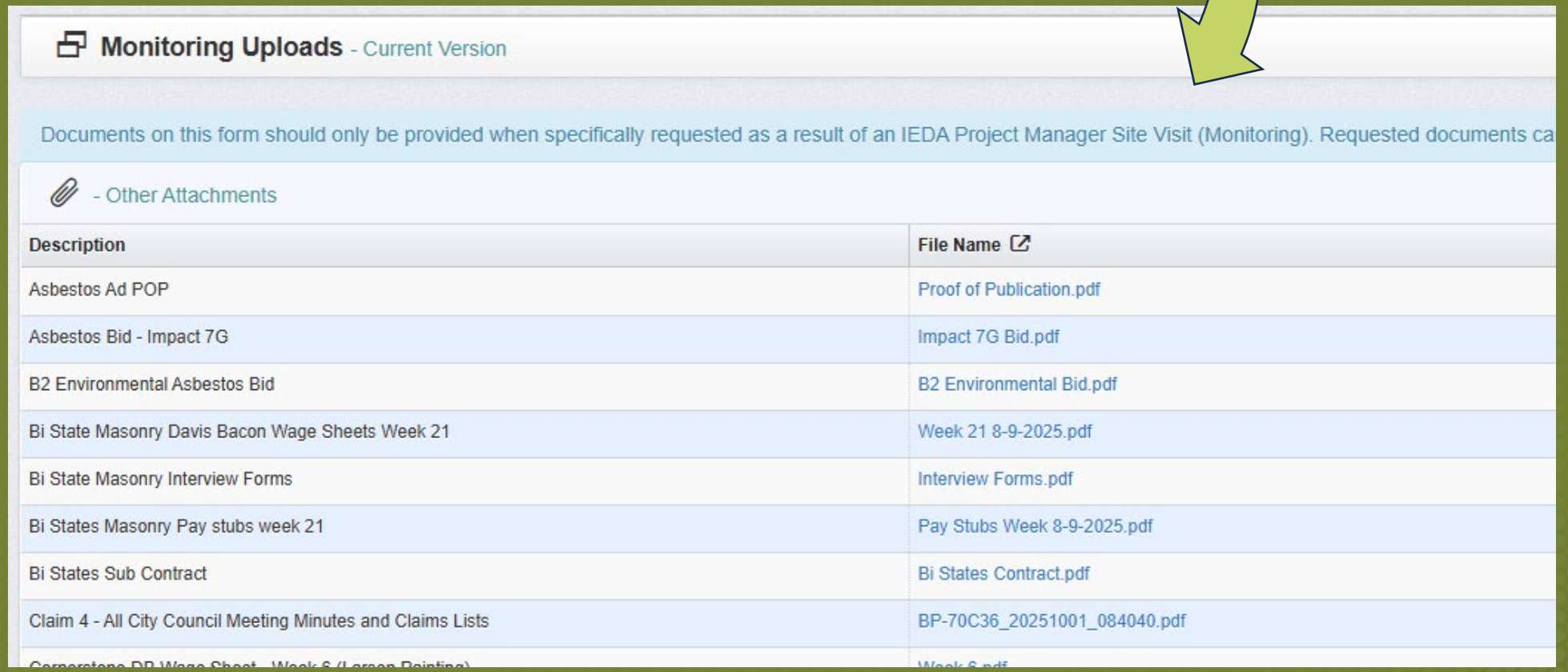
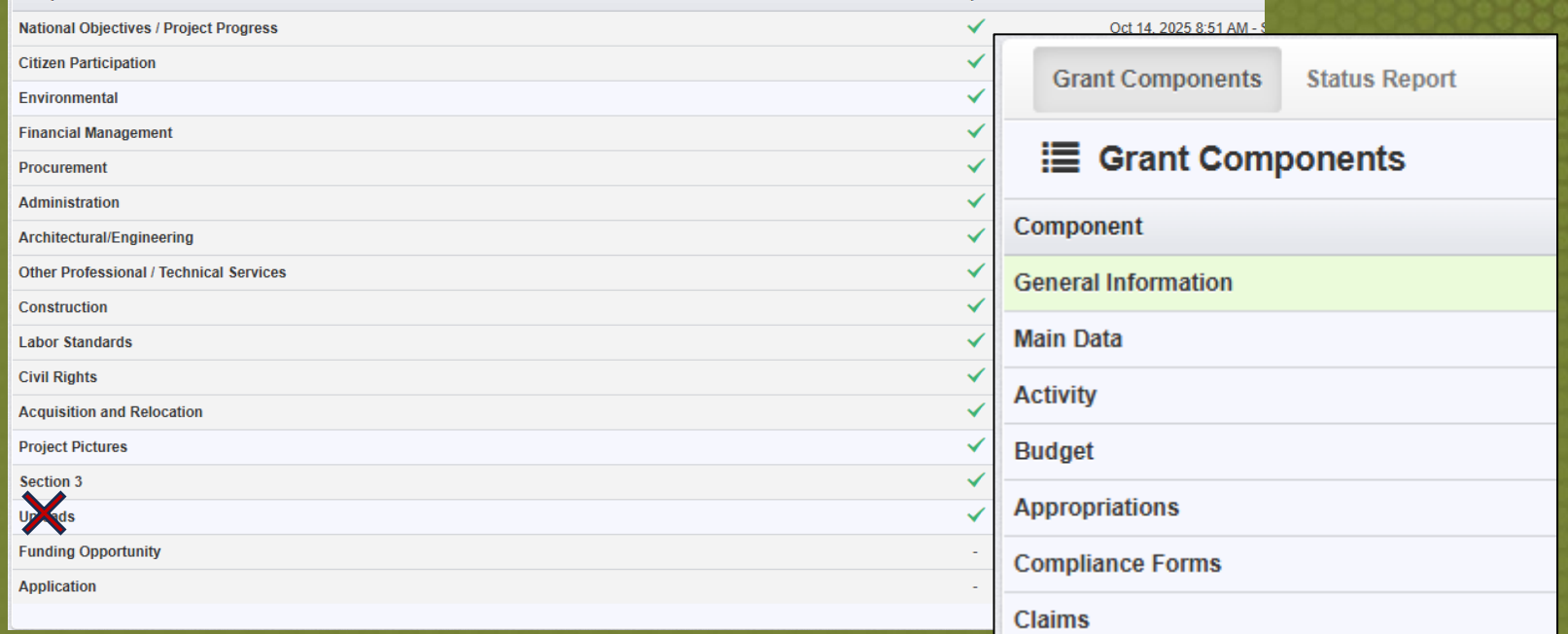
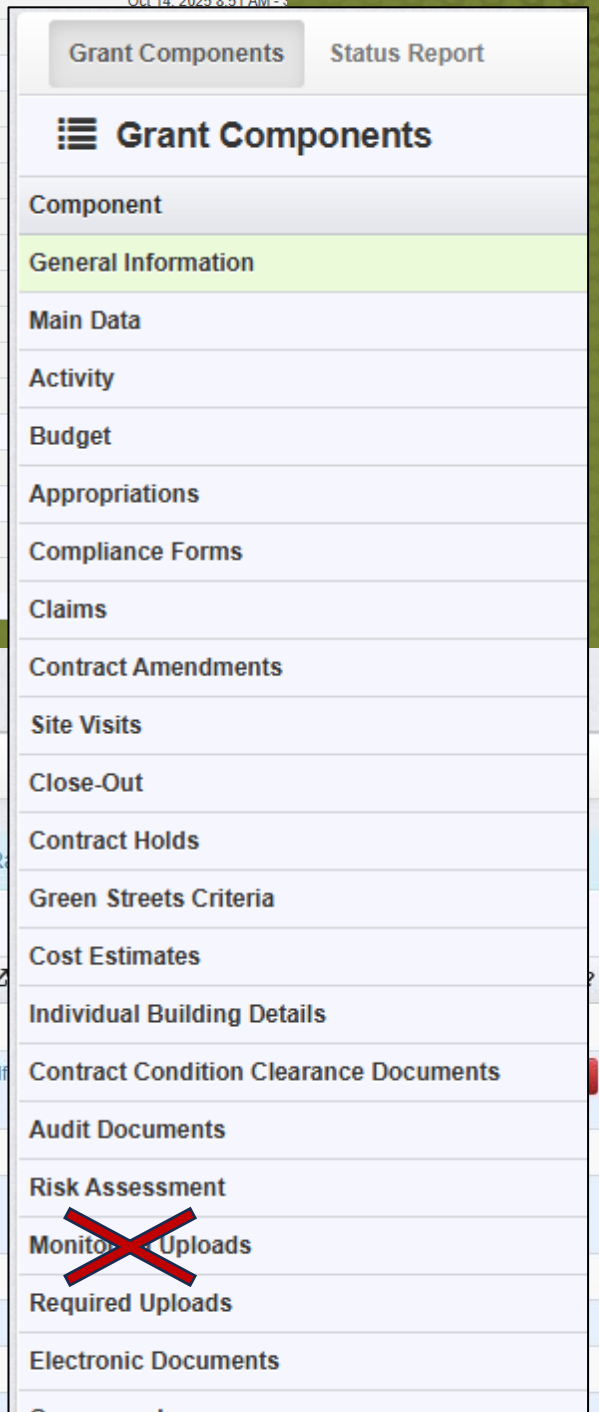
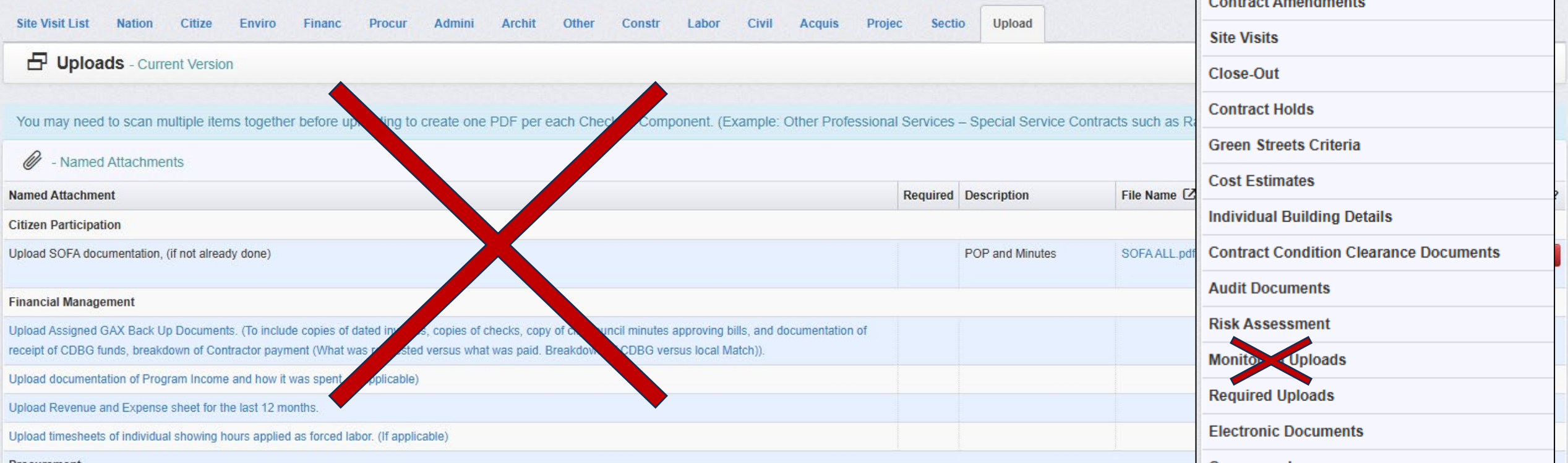
  - Currently, in the Regular program…



Next Steps

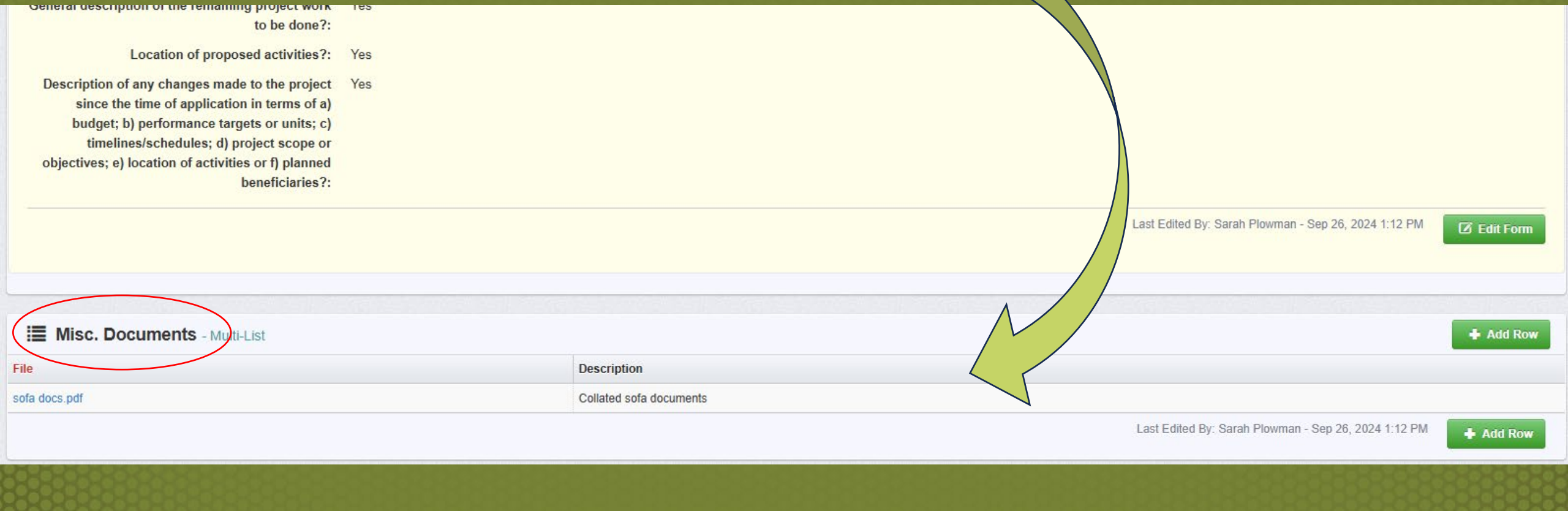

National Objectives / Project Progress
Citizen Participation
Environmental
Financial Management
Procurement
Administration
Architectural/Engineering
Other Professional / Technical Services
Construction
Labor Standards
Civil Rights
Acquisition and Relocation
Project Pictures
Section 3
Funding Opportunity
Application


Grant Components
Status Report
Grant Components
Component
General Information
Main Data
Activity
Budget
Appropriations
Compliance Forms
Claims
Contract Amendments
Site Visits
Close-Out
Contract Holds
Green Streets Criteria
Cost Estimates
Individual Building Details
Contract Condition Clearance Documents
Audit Documents
Risk Assessment
Required Uploads
Electronic Documents


Site Visit List
Nation
Citize
Enviro
Financ
Procur
Admini
Archit
Other
Constr
Labor
Civil
Acquis
Projec
Sectio
Upload
Uploads - Current Version
- Named Attachments
Named Attachment
Required
Description
File Name
Citizen Participation
Upload SOFA documentation, (if not already done)
POP and Minutes
SOFA ALL.pdf
Financial Management
Upload documentation of Program Income and how it was spent
Upload Revenue and Expense sheet for the last 12 months.
Upload timesheets of individual showing hours applied as forced labor. (If applicable)

Next Steps

- Where documents are uploaded
  - Currently, in the DR program…



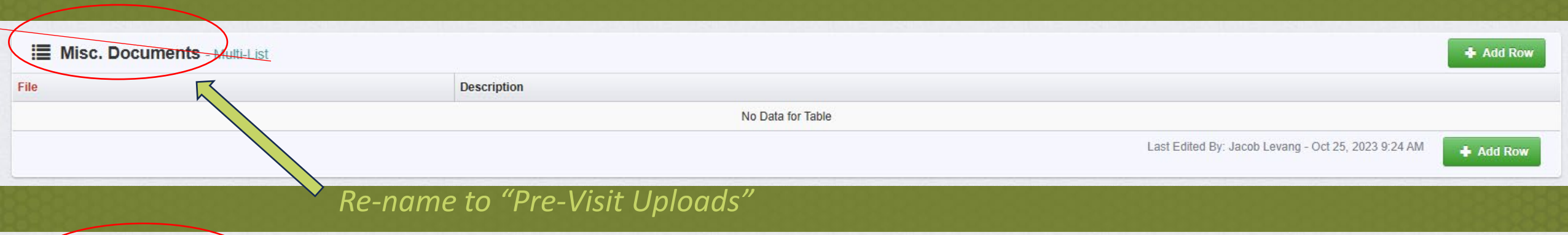
Next Steps

- Where documents are uploaded
  - How things will change…

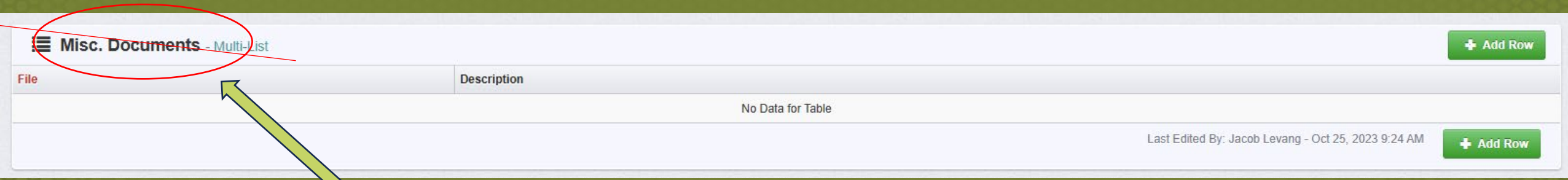
Re-name to "Pre-Visit Uploads"

Next Steps

- Where documents are uploaded
  - How things will change…



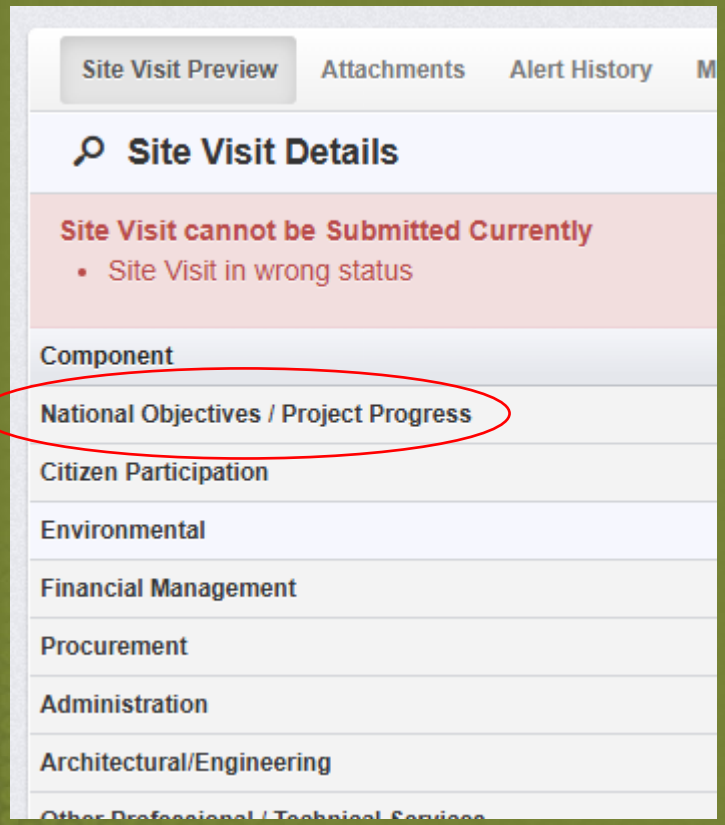
Re-name to "Pre-Visit Uploads"

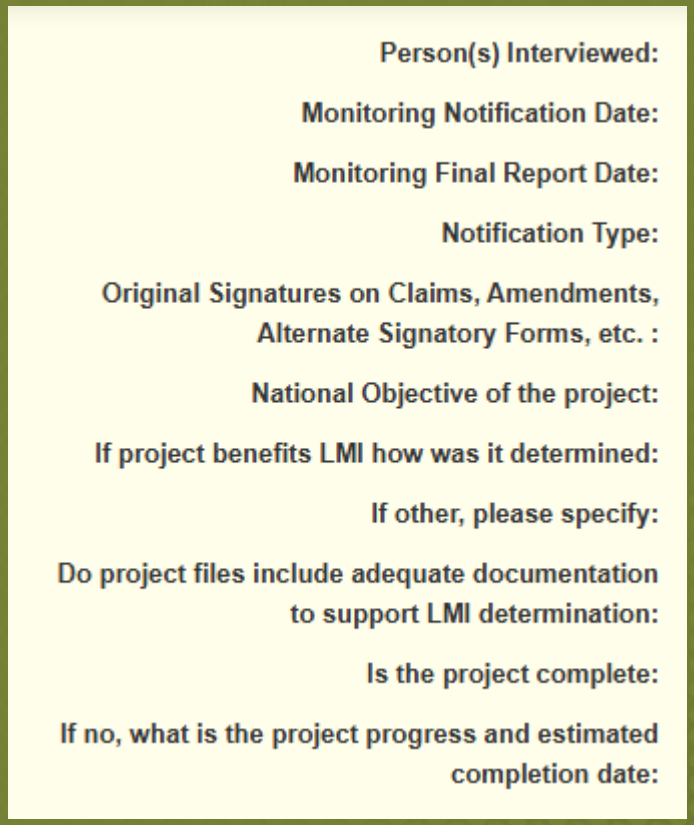


Re-name to "Post-Visit Uploads"

Next Steps

- “Executive Summary” page
  - Currently… “National Objectives / Project Progress”





Next Steps

- “Executive Summary” page
  - Currently… “National Objectives / Project Progress”

Missing Components - Multi-List

+ Add Row

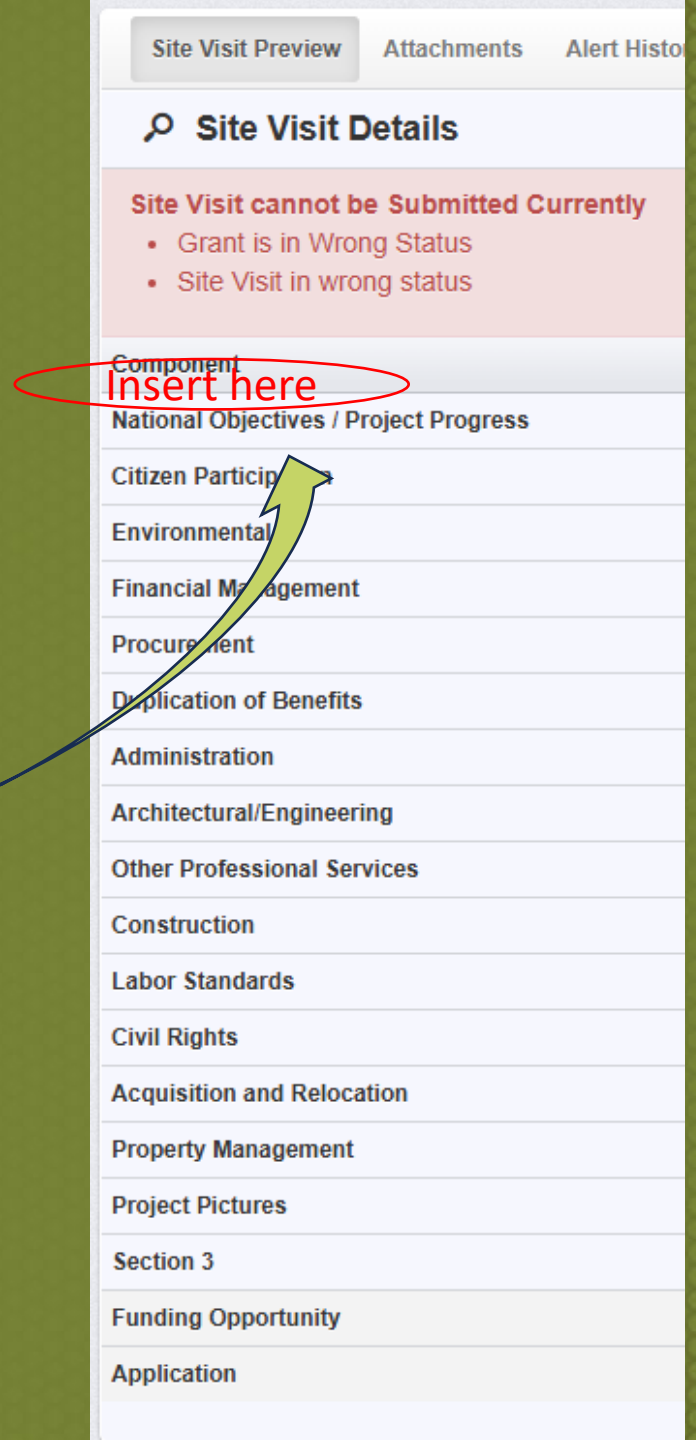
Subject	Missing Component	Due Date	Status	Cleared Date	Comments
Other Professional / Technical Services	Signed Executed Contract	09/30/2024	Not Available	09/26/2024	For Impact7G
Labor Standards	Employee Interview Forms	09/30/2024	Cleared	09/26/2024	Signed version for MTS
Construction	Signed Executed Contract	09/30/2024	Cleared	09/26/2024	For two subs
Civil Rights	Affirmative Fair Housing Policy	09/30/2024	Cleared	09/26/2024	Need the signed/dated/adopted version or resolution
Environmental	LBP Testing/Clearance	12/31/2024	Cleared	05/27/2025	Clearance testing

Last Edited By: Sarah Plowman - Aug 19, 2025 9:47 AM

+ Add Row

Next Steps

- “Executive Summary” page
  - Who was involved
  - Dates / notifications
  - “Missing Components” tracking (*with changes)



Next Steps

- Tracking “concerns” and “findings”
  - Currently… “Missing Components”

Missing Components - Multi-List

Add Row

Subject	Missing Component	Due Date	Status	Cleared Date	Comments
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Add Row

Next Steps

Replace "Missing" with "Pending," "Cleared" with "Resolved"

- Tracking "concerns" and "findings"
  - How things will change…

Re-name to "Compliance Issues"

Insert here

Missing Components Multi-List

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Last Edited By:

Add column "Type" with drop-down menu choices "Concern" and "Finding"

Next Steps

- Merging DR and Regular
  - Goal in many things on our team this year
  - You've seen the changes!
  - Smaller edits for consistency
  - Allow topic-specific Site Visits

Next Steps

- Removing redundant information
  - If it exists elsewhere in IowaGrants
  - If we've already monitored it

Next Steps

- Nuanced interim period
  - Immediate changes: Uploads, tracking, and “executive summary”
  - Ongoing changes: Merging DR & Regular
  - Future changes: Removing redundant information
  - What you see is what you use

Q&A Part II

IOWA™

Economic Development

THANK YOU

Name | Title

Iowa Economic Development Authority