

# **St. Johns County Community Development Block Grant — Disaster Recovery Monitoring Plan**

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**TABLE OF CONTENTS**

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Table of Contents ..... 2

Summary ..... 3

Version History ..... 4

Definitions ..... 4

Risk Analysis ..... 4

Remote Monitoring ..... 5

On-Site Monitoring ..... 5

Affordable Rental Unit Compliance ..... 6

    Review of Income and Affordability Requirements ..... 7

    Physical Inspection of Rental Units ..... 7

Attachment I - Risk Analysis Tool ..... 8

## SUMMARY

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The U.S. Department of Housing and Urban Development (HUD) allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the State of Florida Department of Economic Opportunity (DEO). This funding is being distributed in federally-declared disaster counties impacted by Hurricane Matthew, including St. Johns County for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code (U.S.C) 5301 et seq.) and described in the State of Florida CDBG-DR Action Plan. DEO has provided \$45,837,520 in CDBG-DR funding to St. Johns County to implement programs in support of the County's recovery from Hurricane Matthew. Allocations, waivers, and alternative requirements applicable to this funding are published in the Federal Register on August 7, 2017 at 82 FR 38812; January 18, 2017 at 82 FR 5591; and November 21, 2016 at 81 FR 83254.

The County entered into a subrecipient agreement with DEO to administer the following recovery programs including:

- Housing Recovery Program
  - Homeowner Repair
    - Interim Mortgage Assistance Program
  - Homeowner Reconstruction
  - Homeowner Elevation
  - Homeowner MHU Replacement
  - Homeowner Voluntary Buyout and Acquisition
- LMI Housing Development
- Public Facilities Program
- Infrastructure Program

For all activities funded through the CDBG-DR program related to the Hurricane Matthew storm event, this document describes the Monitoring Plan for the proper oversight of subrecipients; partner agencies that undertake activities through an interlocal agreement; and ongoing rental compliance for affordable rental units throughout the period of affordability.

## VERSION HISTORY

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### St. Johns County CDBG-DR Monitoring Plan

Version	Date	Page	Description
#1	03/08/2019	N/A	N/A
#2	09/26/2019	N/A	N/A
#3			

## DEFINITIONS

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**Subrecipient:** Any entity that receives a subaward from St. Johns County of CDBG-DR funds for the purpose of carrying out a portion of the Federal award.

**Interlocal Agency:** A unit of local government that receives a subaward of funds from St. Johns County to implement CDBG-DR funded activities through an executed interlocal agreement.

**Non-Profit:** A corporation, association, agency, or faith-based organization that has a non-profit status under the Internal Revenue Service code section 501(c)(3), that receives a subaward from St. Johns County of CDBG-DR funds for the purpose of carrying out a portion of the Federal Award, or is an owner or property manager of a CDBG-DR funded deed-restricted property.

**Affordable Rental Housing Units:** Rental Units developed through CDBG-DR funded activities that are required to meet continuing property standards, tenant income requirements, and affordable rents throughout a specified period of affordability, as required through deed restrictions.

## RISK ANALYSIS

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A risk analysis is conducted to measure factors specific to the Subrecipient, Non-Profit, or Interlocal Agency's ability to successfully implement the grant funded activity. A copy of the risk analysis tool is included as an attachment to this Monitoring Plan. Upon execution of an agreement by St. Johns County for a CDBG-DR activity with a Subrecipient, Non-Profit, or Interlocal Agency, a review of the planned activity to determine the risk level and subsequent appropriate level of monitoring will be conducted. A monitoring schedule will be developed based upon the risk analysis results as follows:

- **Low Risk:** Remote monitoring will be conducted within 6 months of the execution of the agreement.
- **Medium Risk:** Remote and/or on-site monitoring will be conducted early in the implementation timeline of the project.

- **High Risk:** On-site monitoring will be conducted within the first quarter of the period of performance, as outlined in the agreement, and subsequent monitoring as needed.

## REMOTE MONITORING

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Remote monitoring is conducted off-site by St. Johns County staff and is a review of documents provided by the Subrecipient, Non-Profit, or Interlocal Agency. The steps followed for a remote monitoring is as follows:

1. **Notice of Monitoring:** Subrecipient, Non-Profit, or Interlocal agency is contacted via written correspondence with a Notice of Monitoring. The notice includes instructions to submit documents that demonstrate compliance with the executed agreement and applicable Federal requirements, within a reasonable time frame and not less than 15 days after the notification date.
2. **Review of Documents:** Staff will review the submitted documents to determine if the activity, program, or project is being administered in compliance with the associated agreement and applicable Federal Requirements.
3. **Monitoring Report:** Staff will prepare a Monitoring Report within 30 days of the receipt of the last document received from the Subrecipient, Non-Profit, or Interlocal Agency. The Monitoring Report will detail any issued Findings and Concerns. Any Finding will reference the applicable regulations, rules, or agreement, and will specify a required corrective action to cure the deficiency. All Monitoring Reports with a Finding will require submission of a written response and corrective action by the Subrecipient, Non-Profit, or Interlocal Agency within 30 days of the notice. All Concerns noted in the Monitoring Report will have a recommended action to improve processes and prevent future Findings in subsequent monitoring.
4. **Follow Up/Close-Out Letter:** County staff will review all responses received from the Subrecipient, Non-Profit, or Interlocal Agency and determine if they adequately resolve the Finding and address any Concerns. A follow up letter will be provided which communicates the satisfactory resolution of the monitoring.

## ON-SITE MONITORING

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On-site monitoring consists of review of files and other documents such as financial records, reports, and policies, to review for program performance, financial management, and compliance with fair housing and equal opportunity laws. On-site monitoring consists of the following processes:

1. **Initial Contact:** County staff will contact the Subrecipient, Non-Profit, or Interlocal Agency program staff to advise an On-Site monitoring is planned, and schedule a time and date for the monitoring visit. Scheduling of the visit should coincide with availability of Subrecipient, Non-Profit, or Interlocal Agency program staff to be in attendance.

2. **Notice of Monitoring:** A Notice of Monitoring letter is sent at least 30 days prior to the scheduled monitoring visit and provides the scope of the monitoring and a list of the records to be reviewed. This notice also serves to request necessary staff to be present, and asks that necessary workspace be made available for the visit. The notice should include amount of time the monitoring visit is expected to take.
3. **Entrance Conference:** This meeting takes place upon arrival between the County staff person(s) conducting the monitoring and Subrecipient, Non-Profit, or Interlocal Agency staff. The entrance conference will include discussion of the purpose and scope of the monitoring.
4. **Documentation and Data Review:** All records subject to the review will be inspected to confirm conformity with the agreement and specific grant requirements.
5. **Exit Conference:** At the end of the monitoring visit, County staff will meet with the Subrecipient, Non-Profit, or Interlocal Agency staff to:
  - a. Describe any deficiencies or concerns with the records reviewed:
  - b. Provide the opportunity to clarify any deficiency in the records and allows for missing documentation to be made available.
  - c. Obtain additional information or documentation from Subrecipient, Non-Profit, or Interlocal Agency staff to clarify or support their positions: and
  - d. Note any corrective actions already taken by the Subrecipient, Non-Profit, or Interlocal Agency to prevent future deficiencies.
6. **Monitoring Report:** County staff will prepare a monitoring report within 45 days of the on-site monitoring visit, or receipt of any follow up documentation provided by the Subrecipient, Non-Profit, or Interlocal Agency. The report will detail any Findings and Concerns. Findings must reference the regulation of section of the agreement which is out of compliance and the corrective action required for satisfactory resolution, and will require a written response with required corrective action within 30 days from the date of the monitoring report. Any concerns should include a recommended action to improve processes to prevent future Findings in subsequent monitoring.
7. **Follow-Up/Close-Out Letter:** After receipt of the written response, a follow up letter will be provided to the Subrecipient, Non-Profit, or Interlocal Agency which communicates the satisfactory resolution of the Finding(s) and/or Concern(s).

## **AFFORDABLE RENTAL UNIT COMPLIANCE**

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St. Johns County has planned to use CDBG-DR funds to construct affordable rental housing units, and ownership of these units will be conveyed to a Non-Profit upon completion of the project(s). Non-Profit owners of these CDBG-DR developed rental units will be required to meet continued affordability for income and maximum rents for a specific period of affordability, and will be required to meet minimum property standards, through a recorded deed restriction instrument. These affordability requirements will be

monitored by St. Johns County Housing and Human Services (SJC HHS) staff, as designated by the Housing and Human Services Director, for the duration of the affordability period. SJC HHS will impose a reasonable fee to the Non-Profit owner of the property, or designated property manager, to cover the expense of staff time needed to conduct the monitoring. The fees charged will be based upon the average cost of performing the monitoring of the CDBG-DR assisted rental project. The basis of the fee will be documented and included in the project underwriting as an operational cost. The compliance monitoring fee cannot be charged to the tenant occupant, and is the responsibility of the Non-Profit owner, or designated property manager for payment to the County.

## Review of Income and Affordability Requirements

At the time of initial lease-up for the completed CDBG-DR assisted rental project, the income and affordability requirements outlined in the executed deed restriction document will be demonstrated to ensure the project meets the required National Objective, and report accomplishments to DEO. Compliance monitoring for continued income and affordability review will be conducted beginning in the second year after initial lease-up of the project. Compliance monitoring will be conducted by Remote Monitoring, or On-Site Monitoring based upon the risk analysis, and in accordance with the previous steps outlined for these processes. The monitoring notices and reports will be addressed to the Non-Profit owner, and designated property manager as applicable.

## Physical Inspection of Rental Units

Affordable rental units developed with CDBG-DR funds will undergo periodic physical inspections to ensure property standards are being maintained. Physical inspections will be conducted as part of the compliance monitoring for the duration of the affordability period. The inspections will be coordinated with the Non-Profit owner, or designated property manager, by SJC HHS staff, prior to the remote or on-site monitoring visit being completed. Inspection reports for units that do not pass the physical inspection will have a corrective action/repair required to meet the property standard. The Non-Profit owner, or designated property manager, will request re-inspection when the corrective action/repairs have been completed. If the unit fails the physical inspection a second time, SJC HHS may charge a re-inspection fee. Units must have a passing physical inspection prior to the close-out of the monitoring. SJC HHS will maintain an inspection schedule of the assisted rental units and document the results of the inspections in the Monitoring Report.

# ATTACHMENT I - RISK ANALYSIS TOOL

Awarded Agency: \_\_\_\_\_

Program: \_\_\_\_\_

Project: \_\_\_\_\_

A subaward is for the purpose of carrying out a portion of a federal, state, or local funding award and creates a financial assistance relationship between St. Johns County and the subrecipient, non-profit organization, or unit of local government agency, referred to as Awarded Agency for the purpose of this tool. This risk assessment is a required tool that assembles and synthesizes grant related information to determine the level of potential liability that exists with subrecipients as indirect recipients of federal or state financial assistance. Under 2 Code of Federal Regulations (CFR), Subpart D §200.331(b) found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, St. Johns County must evaluate the risk of each Awarded Agency for noncompliance with federal statutes, regulations, and terms and conditions of the subaward. This risk assessment will be used to determine the appropriate level of monitoring for financial assistance covered by the Uniform Guidance.

Item	Criteria	Low	Medium	High	Assessment
1	Awarded Agency has experience within the past five years with same or similar types of awards or with managing federal, state, or local funds.				
	High = Has less than one year or no experience managing this type of award. Medium = Awarded Agency has 1 - 2 consecutive years of experience managing similar awards. Low = Awarded Agency has 3 or more consecutive years of experience managing similar awards.				
2	Results of most recent audit and/or Single Audit.				
	High = Material Weakness or weaknesses which indicates that there is reasonable possibility that there is or are material misstatements of the organization's annual or interim financial statements. Medium = Significant Deficiency or deficiencies that merits attention by the Awarded Agency staff responsible for financial reporting and single audit. Low = No findings or not applicable.				
3	Performance of Single Audit or other external audit.				
	High = No annual audit or single audit performed for agency if required. Medium = Audit with one or more significant deficiency and/or material weakness. Low = Audit with no findings or audit not applicable to agency.				
4	As a direct recipient of subawarded financial assistance, has the Awarded Agency been monitored by another federal, state, or local agency?				
	High = As a direct recipient of federal or state grants Awarded Agency has never been monitored by a federal or state agency Medium = Has been monitored by a federal or state agency; however, not within the past five years. Low = Not applicable				
5	Results of other agency monitoring.				
	High = Monitoring resulted in finding(s) with required corrective action(s) Medium = Monitoring resulted in concern(s) with recommendation(s) or performance improvement(s). Low = No findings or not applicable.				
6	The Awarded Agency developed or implemented new or substantially changed systems (e.g. financial accounting systems, personnel accounting systems).				
	High = The Awarded Agency has implemented or substantially changed information systems within the past two years. Medium = The Awarded Agency has implemented or substantially changed information systems within the past five years.				
7	The Awarded Agency has previously managed subawards from St. Johns County.				
	High = The Awarded Agency has not managed subawards from St. Johns County within the past five years. Medium = The Awarded Agency has not managed subawards from St. Johns County within the past three years. Low = The Awarded Agency has managed subawards from St. Johns County within the past two years.				
8	Past performance of subaward from St. Johns County, if applicable.				
	High = The Awarded Agency was unable to expend the awarded funding during the period of performance of the agreement. Medium = The Awarded Agency was able to expend the awarded funding only after an extension was granted. Low = The Awarded Agency timely expended the sub awarded funding within the original period of performance.				
9	Awarded Agency performance on programmatic and financial reports for previous subaward from St. Johns County, if applicable.				
	High = Programmatic and financial reports submitted for previous subaward contained multiple errors requiring correction. Medium = Programmatic and financial reports were not submitted on time for the previous subaward. Low = Complete and accurate programmatic and financial reports were submitted on a timely basis for previous subaward.				
10	The Awarded Agency has project related personnel changes that could affect the performance of this subaward.				
	High = The project director and one or more key staff have been with the organization for two years or less. Key staff are senior staff responsible for accounting, program and financial reporting and other key areas integral to the success of the grant program and its outcomes. Medium = The project director has been with the organization for over two years, however there is turnover or reassignment of one or more key staff responsible for accounting, program and financial reporting and other key areas integral to the success of the grant program and its outcomes. Low = Not applicable				
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Results (Printed signed copy to be kept on file)

Awarded Agency High Risk  
Awarded Agency Medium Risk  
Awarded Agency Low Risk

CDBG-DR Staff Signature \_\_\_\_\_ Date \_\_\_\_\_