The Office of Community Planning and Development's Use of Remote Monitoring

2021-OE-0010

March 10, 2023

Date: March 10, 2023

To: Marion McFadden
Principal Deputy Assistant Secretary, Office of Community Planning and Development, D

From: Brian T. Pattison
Assistant Inspector General for Evaluation, Office of Inspector General, G

Subject: The Office of Community Planning and Development's Use of Remote Monitoring (2021-OE-0010)

Please see the attached final report on our evaluation of the Office of Community Planning and Development's (CPD) use of remote monitoring. It contains four recommendations.

In response to our draft report, CPD agreed with three recommendations and raised concerns about implementing one recommendation. CPD's comments and corrective actions, along with our response to those comments, are included in the report. CPD also provided technical comments, which we incorporated into the final report as appropriate. The status of recommendation 1 is "resolved-open." The status of recommendations 2 and 4 is "resolved-closed." Because recommendations 2 and 4 are now closed, no further action is required for these recommendations. The status of recommendation 3 is "unresolved-open." We will contact CPD within 90 days to discuss its proposed management decisions.

I greatly appreciate the assistance you and your staff provided throughout the evaluation. The report will be posted to our website within 3 days. Please contact Christopher Backley, Director of the Program Evaluations Division, at 202-731-9804 or cbackley@hudoig.gov with any questions.

Executive Summary

THE OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT'S USE OF REMOTE MONITORING | 2021-OE-0010

Why We Did This Evaluation

The U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development's (CPD) grant programs create greater access to safe and decent housing and economic opportunities. CPD monitors its grantees to ensure that grant programs are carried out efficiently, effectively, and in compliance with laws and regulations.

The coronavirus disease 2019 (COVID-19) pandemic presented unique challenges for HUD in conducting grant oversight. CPD's grantees received significant increases in grant funding and HUD's workforce transitioned to perform nearly all oversight functions remotely.

We initiated this review to determine (1) what has changed in CPD's monitoring approach and (2) what opportunities for improvement exist in CPD's use of remote monitoring. This evaluation focused on CPD's monitoring approach from October 1, 2018, through September 30, 2021.

Results of Evaluation

CPD traditionally uses onsite monitoring to monitor its grantees. However, in response to the COVID-19 pandemic, CPD shifted to 100 percent remote monitoring. Monitoring was momentarily paused in fiscal year (FY) 2020 and was reinstituted remotely in FY 2021.

To support its remote monitoring approach, CPD launched the Grantee Document Exchange (GDX), an externally accessible portal application that allows grantees and CPD to securely share documents during monitoring sessions. CPD trained its employees on the remote monitoring process, including on GDX. In a survey that we conducted on CPD employees' experiences using remote monitoring, most CPD employees reported that the guidance, mentoring, or technical support prepared them well to monitor remotely. CPD's Office of Field Management (OFM) delegated the responsibility of training grantees on remote monitoring to their respective field offices. Additionally, OFM issued materials with instructions to grantees on how to use GDX.

Overall, most CPD employees found remote monitoring to be somewhat or very effective in achieving CPD's monitoring objective. However, CPD employees faced challenges and limitations with remote monitoring related to safeguarding personally identifiable information, the duration of remote monitoring sessions, and the ability to verify physical assets effectively.

Going forward, CPD has opportunities to use remote monitoring judiciously and provide its employees with additional guidance on how to use remote monitoring to further its monitoring objectives. In CPD's formal comments, CPD indicated that it had begun taking action in this direction.

Recommendations

We provided CPD with four recommendations to improve its use of remote monitoring, including two recommendations related to coordinating with HUD's Privacy Office, one recommendation related to reinforcing guidance, and one recommendation related to identifying strategic opportunities to use remote monitoring going forward.

Table of Contents

Introduction

OBJECTIVES

Our evaluation objectives were to determine

1. What has changed in the Office of Community Planning and Development's (CPD) monitoring approach?
2. What opportunities for improvement exist in CPD's use of remote monitoring?

The evaluation focused on CPD's monitoring approach from October 1, 2018, through September 30, 2021.

BACKGROUND

CPD's Grants Programs Create Greater Access to Safe and Decent Housing and Economic Opportunities

The U.S. Department of Housing and Urban Development's (HUD) mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. To that end, CPD seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for people with low and moderate incomes. CPD and its offices oversee more than 20 programs and distribute billions of dollars to thousands of grantees annually. CPD is responsible for grant programs, such as the

- **Community Development Block Grant (CDBG) program,** which provides annual grant funding to States, cities, and counties to develop urban communities by providing decent housing, providing a suitable living environment, and expanding economic opportunities principally for people with low and moderate incomes.
- **CDBG Disaster Recovery (CDBG-DR) program,** which provides funding to States, cities, and counties in response to major disasters to address unmet, long term disaster recovery needs.
- **HOME Investment Partnerships program,** which provides grants to States and localities to create affordable housing for low-income households.
- **Emergency Solutions Grants (ESG) program,** which provides emergency assistance to people who are homeless or at risk of homelessness.
- **Housing Opportunities for Persons With AIDS (HOPWA) program,** which addresses the housing needs of low-income persons living with HIV-AIDS and their families.

Since fiscal year (FY) 2019, CPD's appropriations have increased annually. In addition, CPD received a total of $14 billion in supplemental appropriations through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 and the American Rescue Plan (ARP) Act in 2021. In March 2020, the CARES Act appropriated $9.1 billion to CPD programs. Then, in March 2021, the ARP Act appropriated an additional $5 billion to CPD. These supplemental appropriations more than doubled the total funding

available for some CPD programs. In addition, CDBG-DR has received tens of billions of dollars in supplemental funding over the past 2 decades.

The coronavirus disease 2019 (COVID-19) pandemic presented unique challenges for HUD in conducting grant oversight. CPD's grantees received significant increases in grant funding and HUD's workforce transitioned to perform nearly all oversight functions remotely.

CPD Monitors Its Grantees To Ensure That CPD's Grant Programs Are Carried Out Efficiently, Effectively, and in Compliance With Laws and Regulations

HUD monitors its grantees on an ongoing basis to ensure that grant programs are carried out efficiently, effectively, and in compliance with laws and regulations. CPD's Monitoring Handbook establishes standards and provides guidance for monitoring CPD's programs. It also allows for both onsite and remote monitoring approaches. CPD employees conduct onsite monitoring at the grantee's geographic location and remote monitoring virtually without traveling to the grantee's location. The CPD Monitoring Handbook is comprised of a chapter for each program. Each chapter contains "exhibits." Each exhibit has questions designed to assess and document compliance with that program's requirements. CPD employees use exhibits when conducting monitoring sessions. See appendix D for an example of an exhibit.

In accordance with the handbook, CPD's monitoring process starts with a risk analysis of its grantees. Through the risk analysis process, CPD identifies the grantees that pose the greatest risk to the integrity of CPD's programs. The risk analysis results inform annual field office work plans. Field office work plans identify

- the grantees that will be monitored during the FY,
- the monitoring approach (onsite versus remote),
- the expected monitoring dates, and
- the required resources.

Next, CPD employees develop individual, written monitoring strategies to define the scope and focus of the monitoring efforts. CPD notifies grantees of a forthcoming monitoring session in a notification letter. CPD employees then conduct monitoring sessions through interviews, file reviews, and if applicable, physical inspections in accordance with the monitoring strategy. Then CPD employees document the grantee's compliance with program requirements in the exhibits. The responses to the exhibit questions form the basis for monitoring conclusions. CPD employees use the Grants Management Process (GMP)[1] Monitoring Module to electronically submit completed exhibits for review and approval. At the end of the monitoring session, CPD employees conduct an exit conference with their grantees to discuss preliminary monitoring conclusions. CPD's employee performance plan includes an expectation that employees will complete the entrance conference, the assessment process, and the exit conference within 15 workdays. CPD employees have 60 days after completing monitoring to submit a monitoring

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[1]   The GMP system is a subsystem of the Disaster Recovery Grants Reporting (DRGR) system. GMP was replatformed to be hosted in DRGR in July 2020.

letter to the grantee stating the areas covered and basis for conclusions, including any findings identified as a result of the monitoring session.

CPD's Headquarters Program Offices and Field Offices Are Responsible for Monitoring Grantees

The Deputy Assistant Secretary for Operations oversees CPD's field operations. The Office of Field Management (OFM) reports to the Deputy Assistant Secretary for Operations. OFM coordinates with CPD's 43 field offices across the Nation to ensure that the field offices have the resources they need to handle CPD's workload. OFM also assures the successful implementation of CPD initiatives and field offices' performance.

CPD field office directors have been delegated authority to carry out many of CPD's grant programs.[2] While CPD field offices are primarily responsible for monitoring CPD's programs, the Disaster Recovery and Special Issue Division (DRSI) serves in a dual capacity as both a policy office at headquarters and a field office, depending primarily on the amount of the grant award.[3] CPD's headquarters employees may also conduct monitoring activities based on a field office's need for headquarters' assistance. Finally, headquarters' program offices retain authority to operate a few specific CPD programs, such as the Youth Homeless Demonstration Program.

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[2] Field office delegations include but are not limited to CDBG, HOME, HOPWA, ESG, and the Continuum of Care program. We highlighted these programs because they are specifically mentioned within this evaluation.
[3] DRSI employees are assigned high-risk CDBG-DR grantees.

Findings

CPD EMPLOYEES FELT THAT CPD'S SHIFT TO FULLY REMOTE MONITORING WAS EFFECTIVE

CPD shifted from conducting primarily onsite monitoring to conducting remote monitoring in response to the COVID-19 pandemic. Most CPD employees surveyed considered remote monitoring to be somewhat or very effective in achieving CPD's monitoring objective.

In Response to the COVID-19 Pandemic, CPD Shifted From Conducting Primarily Onsite Monitoring to Conducting Remote Monitoring

CPD conducted primarily onsite monitoring before the COVID-19 pandemic because it had the resources, staff, and ability to do so safely. On March 13, 2020, President Donald J. Trump declared a nationwide emergency to increase Federal support for the ongoing COVID-19 pandemic response. In June 2020, CPD suspended all monitoring for the remainder of FY 2020. In October 2020, CPD issued a memorandum stating that it would reinstitute monitoring but the monitoring would be 100 percent remote. See figure 1 below for a timeline for CPD's shift to remote monitoring.

Figure 1. Timeline of CPD's shift to remote monitoring
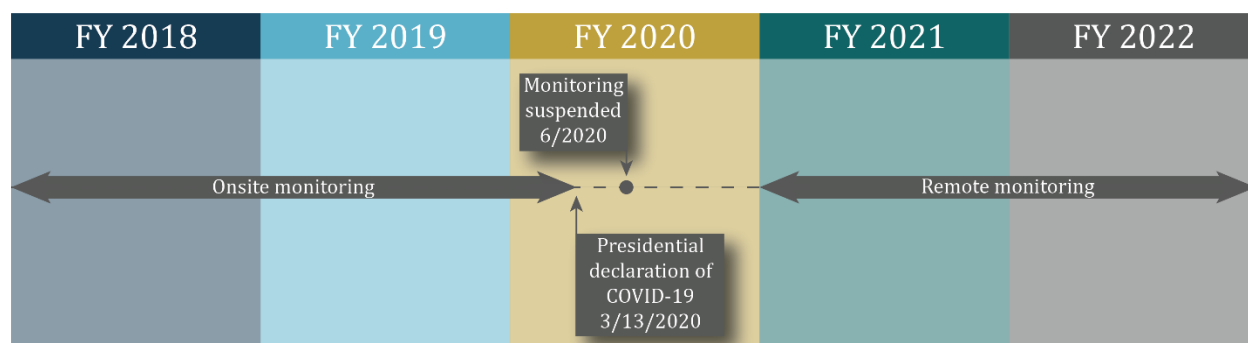
We surveyed CPD employees about their experiences using remote monitoring.[4] A majority of survey respondents, or 64 percent, reported that they were not involved in remote monitoring between the beginning of FY 2019[5] and just before the COVID-19 pandemic.[6]

Most Survey Respondents Found Remote Monitoring To Be Effective

Most CPD employees surveyed considered remote monitoring to be somewhat or very effective in achieving CPD's monitoring objective. Of the 283 survey respondents who reported that they were involved in remote monitoring activities since the start of the COVID-19 pandemic, 89 percent indicated

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[4] The survey included both open- and closed-ended questions. Throughout this report, we report on the response frequency to closed-ended questions using percentages. We report on the response frequency to open-ended questions using the number of respondents who volunteered related information. For more information on our survey methodology and results, see appendix C.

[5] FY 2019 started on October 1, 2018.

[6] The national emergency declaration concerning the COVID-19 pandemic was issued on March 13, 2020.

that remote monitoring was somewhat or very effective in ensuring that HUD-funded programs were carried out efficiently, effectively, and in compliance with applicable laws and regulations. (See figure 2.)

Figure 2. CPD remote monitoring survey question: How effective or ineffective is remote monitoring in achieving CPD's monitoring objective of ensuring HUD-funded programs are carried out efficiently, effectively, and in compliance with applicable laws and regulations?
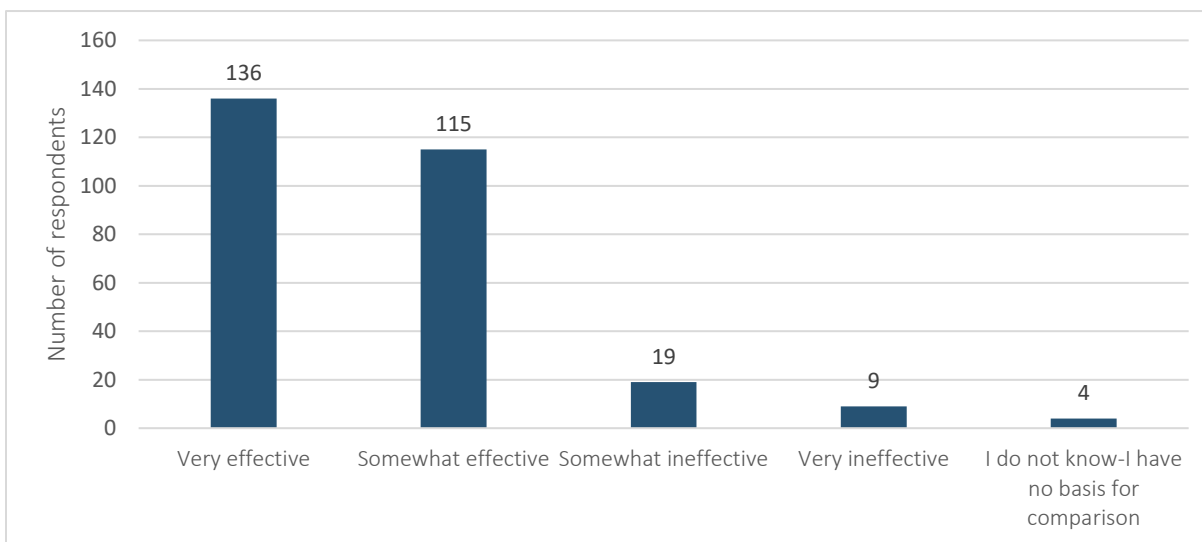
When compared to onsite monitoring, 63 percent of survey respondents said that remote monitoring was about as effective or more effective in achieving CPD's monitoring objective. Additionally, 92 percent of respondents found remote monitoring to be an effective approach during an emergency, such as during a pandemic. One survey respondent reported, "[D]uring a pandemic, [remote monitoring is] the safest way to continue doing business." Another respondent wrote, "I understand the importance/advantage of the option of remote monitoring during a pandemic."

A Majority of Survey Respondents Found Building Rapport Remotely To Be About as Effective as or More Effective Than Building Rapport Onsite

Ninety-nine percent of survey respondents found building rapport with grantees during monitoring to be somewhat important or important. Further, a majority of survey respondents, or 57 percent, reported that building rapport with grantees remotely was either as effective as or more effective than building rapport onsite. We asked survey respondents who reported that building rapport with grantees remotely was either as effective as or more effective than building rapport onsite to identify tips or best practices for building rapport remotely. Of those respondents, 47 CPD employees mentioned the benefits of using videoconferencing platforms in building rapport remotely. Using videoconferencing platforms allowed CPD employees and grantee staff to participate from many locations. Additionally, 21 CPD employees mentioned that communicating frequently with grantees during the monitoring process was important in

building rapport in a remote setting. Finally, 19 CPD employees mentioned that maintaining ongoing relationships with grantees throughout the year was important in building rapport in a remote setting.

CPD MADE OPERATIONAL CHANGES TO SUPPORT ITS SHIFT TO REMOTE MONITORING

While most survey respondents found remote monitoring to be effective, CPD's use of remote monitoring had limitations and challenges. The following sections discuss the changes CPD made to support its use of remote monitoring as well as some of the limitations and challenges faced by employees because of CPD's shift to remote monitoring.

CPD Launched the Grantee Document Exchange Interface in April 2021 To Support Its Remote Monitoring Approach

During CPD's limited use of remote monitoring before the pandemic, there was no centralized or consistent mechanism for grantees to submit documents electronically to CPD employees. Some grantees submitted documents to CPD employees via email, while other grantees mailed hardcopies. In April 2021, CPD launched an interface called the Grantee Document Exchange (GDX). GDX is an externally accessible portal application that allows grantees and CPD to interface and securely share documents during monitoring sessions. CPD employees request documents using the document request page in GMP during monitoring sessions, and grantees use GDX to respond to the document requests. As a result of CPD's remote monitoring posture and the launch of GDX, CPD employees shifted from retrieving and reviewing grantees' documents primarily onsite to remotely retrieving documents in an electronic form.

A majority of CPD employees found GDX to be a useful tool. Of the 225 survey respondents who reported that they had used GDX at least once,[7] 63 percent, or 141 respondents, were somewhat or very satisfied with GDX. CPD employees praised GDX features, including its ease of use, its secure nature, its improvement over email or physical mail, its centralization of information, and its integration with GMP.

We asked survey respondents who reported being somewhat or very dissatisfied with GDX to explain why they were dissatisfied. Common reasons for dissatisfaction included issues with grantee access and with requesting and organizing documents from grantees. Additionally, 37 respondents to the survey's open-ended questions indicated that they experienced initial challenges during the rollout of GDX, and 33 indicated that there was a learning curve. For example, one respondent stated, "The first year of using GDX was difficult because the system was so new and we began using it after I had already begun my monitoring." Seven respondents reported that their grantees had a difficult time using GDX and, therefore, had to find alternative means of transferring documents.

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[7]   Of the remaining 58 survey respondents who responded to this survey question and who had not used GDX to receive documents from grantees at least once, 34 respondents had only received documents outside GDX, and 24 respondents did not know whether they had used GDX or had no basis to respond. Of those survey respondents who had only received documents outside GDX, 18 respondents were DRSI employees, and 16 were non-DRSI employees. Of the 16 respondents who were non-DRSI employees, 7 indicated that they had a difficult time with GDX and, therefore, did not use GDX or had to find an alternative means to transmit documents with their grantees.

CPD Trained Its Employees on Operational Changes Because of Its Fully Remote Monitoring Approach

A total of 269, or 95 percent, of survey respondents reported that they received guidance, training, or technical support specific to remote monitoring. CPD's OFM held routine "office hours" for all CPD field office employees. During a few of these office hour sessions, OFM trained and provided guidance on the remote monitoring process; GDX; and any updates to CPD's policies, procedures, or programs. CPD's training and guidance prepared employees well. Of the 269 survey respondents who reported that they received guidance, training, or technical support specific to remote monitoring, 239, or 89 percent, reported that the guidance, mentoring, or technical support prepared them either very well or somewhat well to monitor remotely.

> CPD's training and guidance for its employees prepared them well to monitor remotely.

CPD Delegated the Responsibility To Train Grantees on Remote Monitoring to Field Offices

CPD's OFM delegated the responsibility of training grantees on remote monitoring to its respective field offices, including trainings on using GDX and safeguarding personally identifiable information (PII)[8] in documents submitted via GDX. One field office director shared that field office employees held preentrance conference meetings about 2 weeks before the actual entrance conference to train grantee staff on GDX. Additionally, OFM issued materials with instructions to grantees on how to use GDX and, in FY 2022, conducted trainings for select grantees. In the survey, 188 respondents who performed remote monitoring, or 66 percent, indicated that the grantees they monitored remotely received guidance, training, mentoring, or technical support on remote monitoring.

While OFM did provide training to CPD employees on remote monitoring so that field offices could train their respective grantees, some CPD employees reported that they needed further support or clarity on grantee training.

A total of 15 percent of survey respondents indicated that the grantees they monitored remotely did not receive guidance, training, mentoring, or technical support on remote monitoring. An additional 18 percent did not know whether the grantees they monitored remotely received guidance, training, mentoring, or technical support on remote monitoring. Throughout the survey's open-ended questions, 58 survey respondents mentioned a lack of or need for grantee training on GDX. Additionally, 24 survey respondents noted a lack of or need for grantee training on safeguarding PII. A few illustrative excerpts include the following:

- Grantees did not have training before the remote monitoring.
- Grantees did not receive training on how to use GDX.
- Grantees need training on the use of GDX and how to redact PII.
- Grantees need more training on PII.

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[8] PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. A nonexhaustive list of PII includes an individual's full name, home address, Social Security number (SSN), date of birth, medical information, and telephone number.

Given that OFM had taken steps to prepare field offices to train grantees and conducted trainings for select grantees in FY 2022, we are not issuing a recommendation on this finding.

CPD DID NOT ALWAYS FOLLOW PROCEDURES TO SAFEGUARD DOCUMENTS CONTAINING PII DURING REMOTE MONITORING

During our review, we found unredacted PII in GMP. CPD needs to coordinate with HUD's Privacy Office to complete required procedures and update required documentation pertaining to safeguarding PII.

CPD Employees Reviewed Documents Containing PII During Monitoring Sessions

As described previously, CPD employees use exhibits when conducting monitoring sessions. Some monitoring exhibits contain questions that ask the CPD employee to identify whether there is acceptable evidence. Oftentimes, that acceptable evidence contains PII, such as written verification of the program participants' medical information. CPD employees may also verify that a program participant's activities benefit eligible populations by reviewing applications for assistance, which may include the applicants' demographic information, Social Security number (SSN), and address. These documents serve as necessary evidential support for conclusions or other determinations made about a grantee's performance. See figure 3 for an example of an exhibit question that requires CPD employees to review documents containing PII.

Figure 3. Question 7 from exhibit 29-1 on the Continuum of Care Program

7. Where a disability is required for entry into a project (e.g., Permanent Supportive Housing), does a review of program participant files confirm that there is acceptable evidence of the qualifying individual's disability? The requirements for documenting disability are:
       ☐ Yes ☐ No ☐ N/A

   a. written verification of the disability from a professional licensed by the state to diagnose and treat the disability and his or her certification that the disability is expected to be long continuing or of indefinite duration and substantially impedes the individual's ability to live independently;
   b. written verification from the Social Security Administration;
   c. the receipt of a disability check (e.g., Social Security Disability Insurance check or Veteran Disability Compensation);
   d. intake staff-recorded observation of disability that, no later than 45 days of the application for assistance, is confirmed and accompanied by evidence in paragraph (c)(1), (2), (3), or (4) of this section; or
   e. other documentation approved by HUD.
   [24 CFR 578.37(a)(i); 24 CFR 578.103(a)]

   Describe Basis for Conclusion:

CPD Employees Commented That CPD Grantees Were Inconsistent in Redacting PII Submitted Through GDX During Remote Monitoring

When monitoring onsite, CPD employees would be able to look through documentation at the grantee's location; verify and catalog the necessary information; and then leave all of the source information, such as documents with PII, with the grantee. The CPD employee would not carry documentation containing PII out of the grantee's space unless it was needed as evidence to support a finding. In those limited situations, the CPD employee would follow appropriate safeguards, such as redacting the PII. While the type of information reviewed by CPD employees did not change with the transition to 100 percent remote monitoring, the volume of information stored by CPD changed with the introduction of GDX. Two hundred five survey respondents, or 73 percent, indicated that they found documents with PII while monitoring remotely.

CPD employees said that grantees should redact PII in documents submitted during remote monitoring. However, CPD's guidance to grantees on the redaction process was inconsistent.[9] A CPD official indicated that the instruction to redact PII should be communicated to the grantee in the notification letter.[10] However, some notification letters did not contain the instruction to redact PII. Not all grantees redacted PII before uploading files into GDX. Throughout the survey's open-ended questions, 44 respondents provided feedback indicating that grantees failed to redact PII. Multiple CPD employees reported having to redact PII themselves.

During our review of the GMP system, we identified unredacted PII. The document with the unredacted PII was a scanned copy of a rehabilitation application and included the applicant's SSN, date of birth, and address. The instruction to redact PII was not included in the notification letter associated with the rehabilitation application that contained the unredacted PII.

Unprotected PII, such as an SSN, name, address, and phone number, may increase the risk of identity theft because this is the same personal information that identity thieves use to commit fraud.

CPD Did Not Coordinate With HUD's Privacy Officer To Complete and Update Required Documentation

All HUD employees are obligated to safeguard PII, as described in many Federal statutes and regulations[11] and HUD's Privacy Policy. Section 2.2.8 of HUD's Privacy Handbook states, "System Owners and [Privacy Liaison Officers] should coordinate to complete and submit the SSN Justification [Memorandum]

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[9] On October 13, 2022, after the conclusion of our fieldwork, OFM issued official guidance to CPD employees on what types of PII are necessary to verify program eligibility and compliance. This guidance states that only necessary PII is allowed to be transmitted through GDX and that all other types of PII should be redacted from documents.

[10] While outside the scope period of this evaluation, in January 2023, OFM issued a standard template for notification letters to CPD field offices. Field offices are required to use the notification letter template, which includes language on the types of PII that are required to determine program compliance and that are, therefore, allowed to be transmitted through GDX. The template includes instructions to grantees to redact all other forms of PII from documents submitted in GDX.

[11] Federal regulations and statutes include but are not limited to The Privacy Act of 1974, as amended; the E-Government Act of 2002; Office of Management and Budget Memorandum A-130, Managing Information as a Strategic Resource; and Office of Management and Budget Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information.

Template for any form or system that collects or stores SSNs." As described above, CPD collects[12] and stores documents that may contain PII for evidential support. Some of these documents may contain SSNs. Therefore, CPD should have completed an SSN justification memorandum. As of November 21, 2022, the Chief Privacy Officer had not received a justification memorandum from CPD. Completing an SSN justification memorandum will allow the Privacy Office to determine whether CPD's identified use and storage of SSNs in GMP is acceptable and compliant with Federal requirements.

In addition, there was limited coordination between CPD and the Privacy Office[13] before CPD transitioned to 100 percent remote monitoring. CPD's shift to 100 percent remote monitoring and rollout of GDX resulted in changes to how CPD collected and stored PII and the volume of information stored. CPD and the Privacy Office did not coordinate to determine whether CPD's changes necessitated a higher level of security for the interface between GMP and GDX.

Finally, the privacy controls in CPD's Disaster Recovery Grant Reporting (DRGR)[14] System Security Plan and GMP System Security Plan need to be updated. Both the DRGR System Security Plan from September 2021 and the GMP System Security Plan from August 2022 said that the systems did not contain PII. This statement was not accurate. In addition, one of the privacy controls marked as not applicable in both plans was the control to "locate/remove/redact/anonymize PII."

Given that CPD employees reported redacting PII from submitted documents and some notification letters instructed grantees to redact PII, this control should have been applicable. This control was labeled as not applicable.

While both the DRGR System Security Plan and the GMP System Security Plan indicated that privacy awareness training was in place, the privacy awareness training may not have been sufficient to prepare employees for CPD's unique situation of encountering PII during remote monitoring. Twenty-four survey respondents suggested the need for additional training or guidance for CPD employees, grantees, or both on PII.

Recommendations

To further its protection of the PII collected during monitoring sessions, we recommend that CPD's Deputy Assistant Secretary for Operations, in coordination with the DRGR and GMP system owners, CPD's information systems security officer, CPD's privacy liaison officer, and the Chief Privacy Officer,
1. Complete and update the system security plans for GMP and DRGR and issue an SSN justification memorandum.
2. Identify and provide additional role-based training, guidance, and instructions to CPD employees on how to handle and safeguard PII encountered during monitoring.

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12 According to section 2.2.6 of HUD's Privacy Handbook, the term "collection" includes the collection of SSNs in truncated, masked, partially masked, encrypted, or disguised form.
13 The mission of HUD's Privacy Office is to protect and minimize the impacts on the privacy of individuals while achieving HUD's mission. The Chief Privacy Officer has been delegated oversight responsibility for implementing HUD's Privacy Policy. The Chief Privacy Officer is responsible for the day-to-day work of the privacy program.
14 GMP is a subsystem of DRGR. GMP was replatformed to be hosted in DRGR in July 2020.

CPD'S USE OF REMOTE MONITORING IMPACTED THE DURATION OF MONITORING SESSIONS

In our survey, 122 CPD employees reported that remote monitoring took more time to complete than onsite monitoring. (See figure 4.) Survey respondents presented possible solutions and best practices that could improve the timeliness of the remote monitoring process. If CPD identifies efficiencies in the remote monitoring process, there is a possibility that CPD can complete more monitoring sessions in a given FY, depending on other factors, such as availability of resources, competing work demands, and the timing of the risk analysis.

Figure 4. CPD remote monitoring survey question: *Starting with the entrance conference and ending with the exit conference, how does the length of time it takes to complete remote monitoring sessions compare with onsite monitoring sessions?*
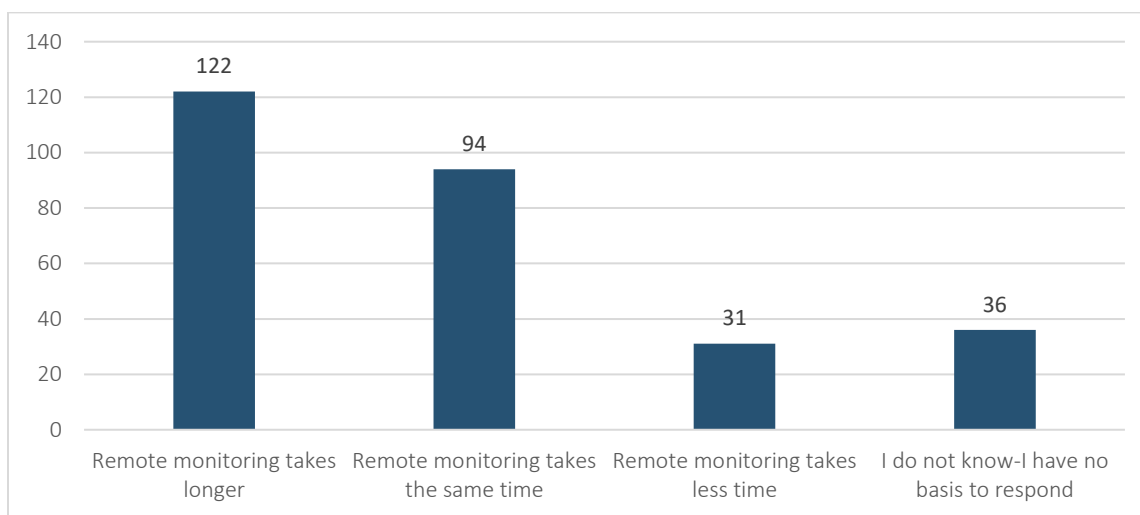
As discussed previously, in April 2021, CPD transitioned to using GDX to enable grantees to submit documentation to CPD employees because of its remote monitoring posture. We asked survey respondents who reported that remote monitoring took more time to complete than onsite monitoring to explain why remote monitoring took more time. Of those respondents, 46 CPD employees reported that the challenges they or their grantees faced while using GDX lengthened the remote monitoring process. Nineteen of the survey respondents reported that redacting PII during remote monitoring caused delays. In addition, 26 respondents reported that grantees often needed to scan documents before uploading them to GDX.

Of those survey respondents who reported that remote monitoring took more time, 71 CPD employees explained that they often had to wait longer to receive documents requested in a remote setting. For example, 28 survey respondents explained that when the grantee sent the wrong documents or additional documents were needed, CPD employees would spend additional time retrieving the correct documents from the grantee. When onsite, CPD employees had access to all of the files and could pull out the relevant documents.

While onsite, CPD employees typically conducted monitoring in a week, from Monday through Friday. In FY 2018, CPD employees completed 78 percent of monitoring sessions within 5 days. Similarly, in FY 2019, CPD employees completed 75 percent of monitoring sessions within 5 days. However, in FY 2021, only 53 percent of monitoring sessions were completed within 5 days. (See figure 5.) Of the 47 percent of FY 2021 monitoring sessions that exceeded 5 days, the median duration was 10 days.

Figure 5. Comparison among the duration of monitoring sessions in FY 2018, FY 2019, and FY 2021
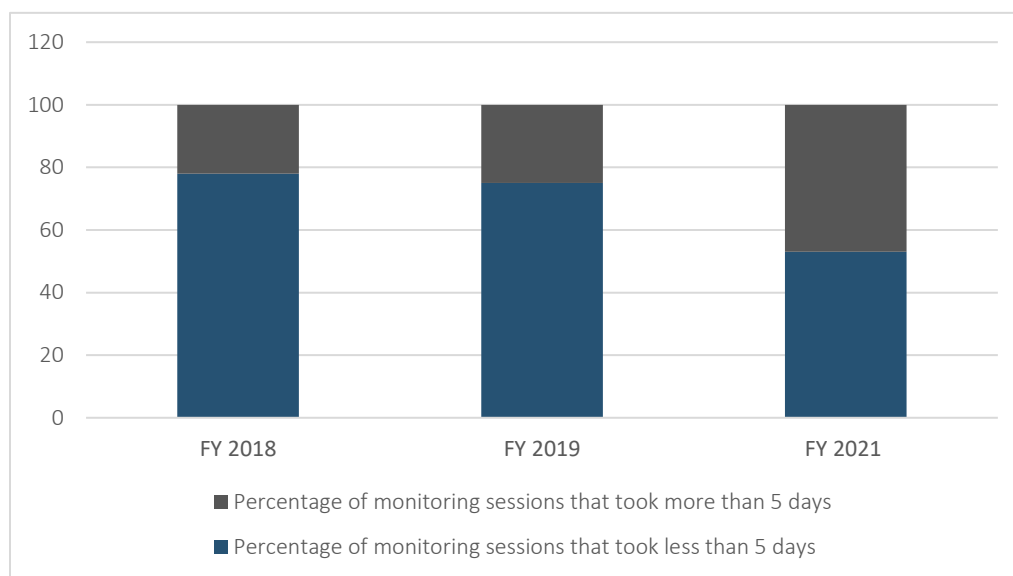
Source: GMP

In FY 2018, when CPD primarily monitored onsite, CPD initiated more than 810 sessions.[15] In contrast, in FY 2021, when CPD used only remote monitoring, it initiated about 650 sessions.[16] Ensuring the timeliness of remote monitoring sessions will improve the efficiency of CPD's monitoring process and could enable CPD to initiate more monitoring sessions in an FY, depending on other factors, such as resources, competing work demands, and the timing of the risk analysis.

CPD Employees Provided Possible Solutions and Promising Approaches To Improve the Timeliness of Remote Monitoring

Now that CPD employees have become more familiar with the process of remote monitoring, it may be a preferred alternative even when it is safe to resume onsite monitoring. Survey respondents presented possible solutions to address identified limitations of the remote monitoring process. (See figure 6.)

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[15] A CPD official indicated that the reduction in monitoring sessions in FY 2019 was related to the lapse in appropriations.

[16] As indicated by the respective FY monitoring letter sent reports generated from GMP in September 2022. A CPD official stated that CPD automated its risk analysis process in FY 2021, which contributed to delays in CPD's monitoring process in FY 2021.

Figure 6. Reported limitations and possible solutions of remote monitoring postpandemic

Reported limitation	Possible solution
Throughout the survey's open-ended questions, 21 respondents reported that their grantees' capacity to be monitored remotely varied, with some grantees facing challenges in scanning and uploading their documents in a remote setting. "Grantees that are less digital can find the process difficult as they have to scan documentation in order to upload it."	When determining the best approach to monitoring a grantee, CPD employees suggested considering a grantee's capacity to be monitored remotely. This capacity includes the grantee's ability to efficiently and effectively transmit documents electronically when determining whether that grantee should be monitored remotely. "For grantees that have larger capacity or that have digital files, remote can be effective."
As stated above, 122 CPD employees reported that remote monitoring took more time to complete than onsite monitoring. Several CPD employees shared that reasons for the longer duration included that they often had to wait for grantees to respond to their document requests or there was more back and forth with grantees on document requests compared to when they were onsite. Additionally, if the monitoring scope was too large, employees reported that the reviews took longer because of the need to review and sift through the large volumes of information submitted. "Ensur[e] a reasonable scope. If a scope is too large, then the work involved can be excessive"	Throughout the survey's open-ended questions, 30 respondents suggested considering limiting the scope of remote monitoring sessions. "I think remote monitoring can be most effective when it is targeted to specific issues or projects and not done when [it] is a program-wide review--just because of the volume of documents that needs to be reviewed."

CPD employees also identified best practices to improve the efficiency of remote monitoring. We asked survey respondents, who reported that the length of time to complete remote monitoring was about the same or less, to provide tips or best practices for completing remote monitoring in a timely manner. Of those respondents, 55 CPD employees suggested conducting premonitoring activities to establish communication with the grantee or collecting data in advance of the monitoring.

CPD'S SHIFT TO REMOTE MONITORING POSED CHALLENGES TO VERIFYING PHYSICAL ASSETS[17]

When CPD shifted to monitoring its grantees remotely, CPD employees did not conduct any portion of the monitoring review onsite, which posed challenges to verifying physical assets.

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[17]   We use the term asset to refer to a HUD-assisted physical property or structure.

CPD's Pause in Onsite Monitoring Posed Challenges to Verifying Physical Assets

During onsite monitoring, CPD employees could verify the existence and quality of a grantee's project in person. For instance, during onsite monitoring of HOPWA grantees with facility-based projects, CPD employees conducted onsite reviews to assess whether the grantee provided safe and sanitary housing. CPD employees would walk through the housing unit during such reviews and talk to grantees and beneficiaries. When CPD shifted to 100 percent remote monitoring, some employees skipped entire sections of HOPWA exhibits, marking all of the questions that required onsite reviews as not applicable. Other employees mentioned using pictures or third-party inspection reports in lieu of onsite reviews. A CPD official said that checking for fraud while monitoring remotely is challenging because it often involves going onsite and ensuring that what the grantee claims exists does exist and in the purported manner.

In our survey, 54 percent of respondents who had remotely monitored a grantee either somewhat or strongly agreed that it was challenging to verify the existence of an asset when monitoring remotely. Throughout the survey's open-ended questions, 31 survey respondents described that not being able to physically see a grantee's project made it difficult to verify assets. The following are a few excerpts from survey respondents that illustrate the preference for conducting onsite monitoring to verify the existence of a physical asset or describe the challenges of not being able to verify physical assets remotely:

- [O]ur job is to verify money is being spent where it is intended and provide guidance on what is eligible, etc. I want to see exactly where that sidewalk was built with [F]ederal funds in the city I visit. I can't do this as effectively with a picture.
- While remote monitoring has its place, I do not feel as if it is appropriate in all circumstances, especially for high-risk grantees, … or with extensive physical assets or projects.
- The current process for remote monitoring… does not give us the opportunity for a review of physical sites, like shelters or housing, nor does it give us the opportunity to meet clients who, many times, are very welcoming and open to conversation about the program they are in.

In response to our survey's open-ended questions, CPD employees identified a hybrid monitoring approach and video tours as solutions to the issues they were facing verifying physical assets remotely. (See figure 7.) CPD has been proactive in both these areas.

Figure 7. Reported limitations and possible solutions for remote monitoring postpandemic

Reported limitation	Possible solution
When CPD shifted to 100 percent remote monitoring, some employees skipped sections of HOPWA exhibits, marking all of the questions that required onsite review as not applicable. Throughout the survey's open-ended questions, 31 respondents described that not being able to physically see a grantee's project made it difficult to verify assets. "[A] review of rehab[ilitation] projects and funded units for homeless needs to be on-site to ensure that they are meeting our [Housing Quality Standards]. There is not an effective way to do that remotely."	Throughout the survey's open-ended questions, 15 respondents expressed an interest in a hybrid monitoring approach. A hybrid monitoring approach would involve conducting a portion of the monitoring session onsite, such as verifying the quality of an asset, and the rest of the monitoring session remotely.[18] This approach may enable CPD to realize cost savings by reducing the length of overnight travel while still allowing for onsite reviews. Throughout the survey's open-ended questions, multiple respondents also expressed an interest in conducting monitoring either remotely or onsite, depending on factors such as the grantee's risk or location. "I would like to see a hybrid monitoring experience that allows remote monitoring to continue for the documentation review process [and] allow[s] for site visits to see projects/activities." In FY 2023, CPD has provided its employees the flexibility to perform hybrid monitoring.
Although CPD's Monitoring Handbook does not provide guidance on using photographs or videos when monitoring remotely, during a training in April 2021, CPD suggested video tours as an option to employees when conducting remote monitoring. Despite this option, multiple CPD employees seemed uncertain about how to best verify physical assets or unaware of the options available to them. As stated above, 31 survey respondents described that not being able to physically see a grantee's project made it difficult to verify assets. "With better training and [perhaps] technology, I believe we could also do virtual on-site monitoring of properties."	A few CPD employees reported interest in the ability to conduct video tours of housing units and public improvement projects. Given that CPD has already recognized the need and provided guidance, reinforcing to CPD employees the use of videos and photographs during remote monitoring would be helpful.

CPD has implemented some provisions to address CPD employees' concerns, such as suggesting video tours as an option to employees when conducting remote monitoring. However, despite the provisions,

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[18]   In FY 2023, CPD provided its employees the flexibility to perform hybrid monitoring, with some review spent onsite and some review spent remotely. This hybrid approach can be employed to review program and project files remotely, while going onsite to review physical assets and property condition.

multiple survey respondents described that not being able to physically see a grantee's project made it difficult to verify assets when monitoring remotely and a few CPD employees said they would like the ability to conduct remote video tours. Therefore, CPD should reinforce the use and admissibility of videos and photographs to view a grantee's project and verify physical assets remotely when appropriate. CPD implemented hybrid monitoring in FY 2023, after we completed our fieldwork for this evaluation.

Recommendation

3. The Director of OFM should reinforce the use and admissibility of photographs and videos for evidence collection while remote monitoring.

CPD SHOULD USE REMOTE MONITORING TO BEGIN MONITORING EARLIER IN THE YEAR

While remote monitoring has limitations, there are situations when it can be effective in furthering CPD's monitoring objective of ensuring that HUD-funded programs are carried out efficiently, effectively, and in compliance with applicable laws and regulations. For example, remote monitoring may be an effective approach for beginning monitoring earlier in the year. The later in a year CPD begins monitoring, the less time it has available to monitor its grantees and further its monitoring objective. Nine survey respondents reported a wish to start the risk analysis or monitoring process earlier in the year.

Monitoring typically occurs during the last 6 months of each FY. Between FY 2019 and FY 2021, 92 percent of monitoring sessions started between April and September. One reason monitoring sessions begin later in the year is because of a delay in CPD's risk assessment process. In 2019, HUD's Office of Inspector General (OIG) reported that the later a CPD field office completes the risk scoring process, the less time that field office has to target its monitoring activities and oversee its grant portfolio.[19] A CPD official stated that delays in CPD's risk assessment process push the monitoring process later into the FY. In response to the survey's open-ended questions, six respondents similarly indicated that delays in the risk assessment process continued to contribute to delayed monitoring starts.

Another reason monitoring sessions begin later in the year is that, historically, CPD waited for its travel budgets to begin monitoring. For a field office that serves a large region, travel is a significant expense for onsite monitoring. A CPD official stated that when CPD primarily monitored onsite, CPD's monitoring start dates were also, in part, dependent on Congress' passing a budget. However, in FY 2021, during 100 percent remote monitoring, CPD had no travel-related expenses. In addition, 81 percent of survey respondents reported that remote monitoring was effective when budget constraints limited the ability to travel.

Therefore, to further its monitoring objectives, CPD could strategically use remote monitoring to begin monitoring earlier in the year, before receiving its travel budget. Having more time available to monitor and not being constrained by travel expenses could allow CPD to increase the number of grantees it monitors in a year.

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[19] In 2019, HUD OIG reported on CPD's risk assessment process in its topic brief, CPD Is Taking Longer To Complete Risk-Based Scoring. HUD OIG found that from FY 2017 to FY 2019, CPD field offices, on average, took longer each year to score their grantees' risks.

Recommendation

4. The Director of OFM should identify strategic opportunities to use remote monitoring early in the FY to maximize its responsibility to oversee and monitor its grantees and then use remote monitoring when those opportunities arise.

Conclusion and Recommendations

In response to the COVID-19 pandemic, CPD shifted from conducting primarily onsite monitoring to conducting remote monitoring. To support its remote monitoring approach, CPD launched GDX and conducted office hours to train its employees. Most survey respondents found remote monitoring to be somewhat or very effective. That said, remote monitoring has limitations and challenges related to safeguarding PII, the duration of remote monitoring sessions, and the ability to verify physical assets effectively. Going forward, CPD has opportunities to use remote monitoring judiciously and to provide its employees with additional guidance on how to use remote monitoring to further its monitoring objectives. CPD began taking action in this direction in FY 2022.

WE RECOMMEND THAT CPD'S DEPUTY ASSISTANT SECRETARY FOR OPERATIONS

1. Complete and update the system security plans for GMP and DRGR and issue an SSN justification memorandum.

CPD's Deputy Assistant Secretary for Operations, in coordination with DRGR and GMP system owners, CPD's information systems security officer, CPD's privacy liaison officer, and the Chief Privacy Officer, should update applicable documents. Updating the applicable system security plans and submitting an SSN justification memorandum should enable CPD to identify the appropriate safeguards to further its protection of the PII collected during monitoring sessions.

2. Identify and provide additional role-based training, guidance, and instructions to CPD employees on how to appropriately handle and safeguard PII encountered during monitoring.

CPD employees suggested the need for additional training or guidance on PII. For example, one survey respondent said, "More information regarding PII would've been helpful for HUD staff as well as grantees being monitored." CPD has an opportunity to enhance its role-based training on PII and privacy. Providing CPD employees with additional role-based training should better prepare them to protect the PII collected during monitoring sessions.

WE RECOMMEND THAT THE DIRECTOR OF OFM

3. Reinforce the use and admissibility of photographs and videos for evidence collection while remote monitoring.

A few CPD employees mentioned using pictures or third-party inspection reports to verify physical assets. Although CPD's Monitoring Handbook does not provide guidance on using photographs or videos when monitoring remotely, during a training in April 2021, CPD suggested video tours as an option to employees when conducting remote monitoring. When appropriate, CPD should reinforce the use and admissibility of videos and photographs to verify physical assets when monitoring remotely.

4. Identify strategic opportunities to use remote monitoring early in the FY to maximize its responsibility to oversee and monitor its grantees and then use remote monitoring when those opportunities arise.

Monitoring typically occurs during the last 6 months of the FY. Between FY 2019 and FY 2021, 92 percent of monitoring sessions started between April and September. The later in a year CPD begins monitoring, the less time it has available to monitor its grantees and further its monitoring objective. Nine survey respondents reported a wish to start the risk analysis or monitoring process earlier in the year. To overcome delays or constraints associated with its travel budget and to begin monitoring earlier in the year, we recommend that the Director of OFM identify strategic opportunities to use remote monitoring as an approach to maximize its responsibility to oversee and monitor its grantees and possibly increase the number of grantees it monitors in a year.

Appendixes

APPENDIX A – AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

Summary of the Office of Community Planning and Development's Comments and the Office of Inspector General Response

We requested the U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development (CPD) to provide formal comments in response to our draft report and indicate agreement or disagreement with our recommendations.

Throughout this appendix, we refer to the recommendations that were in our draft report. Based on CPD's formal comments and our evaluation of those comments, we determined that two recommendations in our draft report were no longer relevant. We chose to remove those two recommendations from our final report. Therefore, the recommendation numbers that we refer to in this appendix may not match the recommendation numbers in the body of our final report. Figure 8 cross-references the draft report and final report recommendations.

Figure 8. Cross-referencing of draft report and final report recommendations

Recommendation language	Recommendation number in our draft report	Recommendation number in our final report
CPD's Deputy Assistant Secretary for Operations should complete and update the system security plans for the Grants Management Process (GMP) and Disaster Recovery Grants Reporting (DRGR) and issue a Social Security number (SSN) justification memorandum.	Recommendation 1	Recommendation 1
CPD's Deputy Assistant Secretary for Operations should identify and provide additional role-based training, guidance, and instructions to CPD employees on how to handle and safeguard personally identifiable information (PII) encountered during monitoring.	Recommendation 2	Recommendation 2
CPD's Deputy Assistant Secretary for Operations should identify and implement approaches to improve training, guidance, and instructions to grantees on protecting PII as appropriate.	Recommendation 3	*Deleted*
The Director of the Office of Field Management (OFM) should issue guidance on how remote inspections will impact the physical asset factor of the risk analysis process.	Recommendation 4	*Deleted*

The Director of OFM should reinforce the use and admissibility of photographs and videos for evidence collection while remote monitoring.	Recommendation 5	Recommendation 3
The Director of OFM should identify strategic opportunities to use remote monitoring early in the fiscal year (FY) to maximize its responsibility to oversee and monitor its grantees and then use remote monitoring when those opportunities arise.	Recommendation 6	Recommendation 4

CPD provided formal comments and agreed with recommendations 1, 2, and 6 of the draft report. CPD disagreed with recommendations 3, 4, and 5 in the draft report. Regarding recommendation 1, we agreed with CPD's corrective action plan and the estimated completion date. Regarding recommendations 2 and 6 in our draft report, we verified that CPD took corrective actions before report issuance, and we are, therefore, closing those recommendations. CPD disagreed with recommendation 5 of the draft report. We made a minor change to the recommendation in our final report in response to CPD's formal comments, and we are engaging in further discussions with CPD to reach a corrective action plan that addresses the recommendation. We removed draft report recommendations 3 and 4 from our final report, as discussed below.

We consider recommendation 1 of the draft report "resolved-open" and recommendations 2 and 6 of the draft report "resolved-closed." Because recommendations 2 and 6 are now closed, no further action is required for these recommendations. Recommendation 5 of the draft report is "unresolved-open."

Additionally, CPD provided formal comments on the draft report finding, "CPD's Use of Remote Monitoring Impacted the Duration of Monitoring Sessions." We did not issue any recommendations in relation to this finding. CPD agreed that its employees took additional time to conduct remote monitoring reviews. CPD stated that this additional time is permissible under its monitoring standards. CPD disagreed with our finding that the additional time taken by remote monitoring could result in its conducting fewer monitoring sessions and cited several factors that inform the number of monitoring sessions each field office is expected to complete each year, such as staffing levels and workload demands. We acknowledge that there are other factors that may also determine the number of monitoring sessions. Improving the timeliness of remote monitoring sessions could enable CPD to initiate more sessions in an FY, depending on these other factors.

Draft Report Recommendation 1
CPD agreed with recommendation 1 of the draft report, which states that CPD's Deputy Assistant Secretary for Operations should complete and update the system security plans for GMP and DRGR and issue an SSN justification memorandum. CPD stated that its System Development and Evaluation Division will take action to develop two separate privacy impact assessments, one for GMP and one for DRGR. Then, the System Development and Evaluation Division plans to coordinate with OFM to reassess all types of PII collected in GMP and plans to complete an SSN justification memorandum if determined necessary. Once the Privacy Office has accepted the completed privacy impact assessments, the System

Development and Evaluation Division plans to assess the needed changes to the System Security Plan, including updating the System Privacy Statement. The estimated completion date for these actions is September 30, 2023.

Draft Report Recommendation 2
CPD agreed with recommendation 2 of the draft report, which states that CPD's Deputy Assistant Secretary for Operations should identify and provide additional role-based training, guidance, and instructions to CPD employees on how to handle and safeguard PII encountered during monitoring. CPD stated that it has undertaken corrective actions to address this recommendation. CPD issued protocols on its risk analysis and monitoring process in FY 2023, which included guidance to its employees on transmitting and storing PII while monitoring remotely. In addition, CPD conducted training sessions on March 3 and November 17, 2022, that included information on handling and safeguarding PII. CPD also issued emails on March 15 and July 26, 2022, which restated its guidance on handling PII in a remote setting. We are closing this recommendation, and no further action is required.

Draft Report Recommendation 3
CPD disagreed with recommendation 3 of the draft report, which states that CPD's Deputy Assistant Secretary for Operations should identify and implement approaches to improve training, guidance, and instructions to grantees on protecting PII as appropriate. CPD clarified that OFM has delegated the responsibility of training grantees to CPD field offices. CPD stated that it has trained its employees as described above under recommendation 2, enabling employees to then train their respective grantees. Therefore, we have deleted recommendation 3 from the final report, and no action is required on this recommendation.

Draft Report Recommendation 4
CPD disagreed with recommendation 4 of the draft report, which states that the Director of OFM should issue guidance on how remote inspections will impact the physical asset factor of the risk analysis process. CPD updated the risk analysis notice that was in effect during the scope of this evaluation. In CPD's FY 2023 risk notice, the physical asset factor has been removed from the risk analysis for all CPD programs except the for the Housing Opportunities for Persons With AIDS (HOPWA) program. However, the monitoring approach (onsite or remote) has no impact on the physical asset factor of the risk analysis for HOPWA grantees in the FY 2023 risk notice. Therefore, the changes to the risk analysis notice in FY 2023 have overtaken this recommendation, making it no longer applicable. We deleted recommendation 4 of the draft report, and no further action is required for this recommendation.

Draft Report Recommendation 5 (Recommendation 3 in Our Final Report)
CPD disagreed with recommendation 5 of the draft report, which stated that the Director of OFM should issue guidance on the use and admissibility of photographs and videos for evidence collection while remote monitoring. CPD indicated that it believes it has already taken action to communicate to its employees that video and photo evidence is admissible, citing, in part, resources provided to its employees in April 2021. However, our evaluation found that employees still had questions even after the information provided by CPD in April 2021. Therefore, in response to CPD's formal comments, we replaced "issue guidance on" with "reinforce" in the recommendation in our final report. We will hold further discussions with CPD to reach a corrective action plan for this recommendation.

Draft Report Recommendation 6 (Recommendation 4 in Our Final Report)
CPD agreed with recommendation 6 of the draft report, which states that the Director of OFM should identify strategic opportunities to use remote monitoring early in the FY to maximize its responsibility to oversee and monitor its grantees and then use remote monitoring when those opportunities arise. CPD has issued guidance to its employees in FY 2023 on considering remote monitoring as an approach to overcome practical limitations such as the availability of travel resources. CPD indicated that this guidance was issued in part to account for monitoring delays. In addition, CPD undertook an effort to improve its risk analysis and monitoring time frame to facilitate monitoring beginning earlier in FY 2023. We are closing this recommendation, and no further action is required.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

MEMORANDUM FOR: Brian T. Pattison, Assistant Inspector General for Evaluation, Office of Inspector General, G

MARION MCFADDEN   Digitally signed by MARION MCFADDEN
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FROM: Marion McFadden, Principal Deputy Assistant Secretary for Community Planning and Development, D

SUBJECT: CPD's Formal Responsive Comments to OIG Report *CPD's Use of Remote Monitoring* (December 15, 20022, 2021-OE-0010)

General Comments

Prior to receipt of this report, and in preparation for FY2023 monitoring, CPD implemented measures to improve the monitoring process, including for remote monitoring, and ensure consistency across Field Offices. These changes have been incorporated into *Notice CPD 22-11: Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs in FY 2023* (A-1), as well as into CPD's internal 2023 Risk Analysis and Monitoring Protocols (A-2). Conforming changes to CPD's Monitoring Handbook are forthcoming in Quarter 2, FY2023.

Please find CPD's response to the findings and recommendations identified in OIG's report. The attachment provides the supporting documentation referenced in our response (A1-A-10).

Finding #1:
CPD employees felt that CPD's shift to fully remote monitoring was effective.

Finding #2:
CPD made operational changes to support its shift to remote monitoring.

Finding #3:
CPD did not always follow procedures to safeguard documents containing PII during remote monitoring.

> **Recommendation #1:**
> Complete and update the system security plans for GMP and DRGR and issue an SSN justification memorandum.
>
> **CPD Response:** SDED concurs with this recommendation. GMP was merged into a sub-system of DRGR in July 2020, and absent direction from the Privacy Office to the contrary, SDED has proceeded with a single Privacy Impact Assessment (PIA) for the newly merged systems. Since

the merger, the PIA submissions to the Privacy Office for DRGR have incorporated GMP elements in 2020, 2021, and most recently on June 29, 2022. The approved PIA records the types of PII captured in GDX. However, it does not include SSNs as collected PII.

An annual update to the DRGR PIA is required by June 29, 2023, and SDED will take action to develop two separate PIAs (one for GMP and one for DRGR). SDED will coordinate with OFM to reassess and to verify all types and uses of PII collected in GMP, completing a SSN Justification Memo if determined to be necessary. Once the PIA is complete and accepted by the Privacy Office, SDED will assess needed changes to the System Security Plan and any necessary system changes, including updating the System Privacy Statement. The estimated completion date for these actions is September 30, 2023.

Recommendation #2:
Identify and provide additional role-based training, guidance, and instructions to CPD employees on how to appropriately handle and safeguard PII encountered during monitoring.

CPD Response: OFM acknowledges the importance of safeguarding PII and providing training and guidance to CPD staff and concurs with this recommendation. CPD has undertaken actions necessary to address this recommendation and considers the recommendation resolved.

The 2023 Risk Analysis and Monitoring Protocols (A-2), issued October 13, 2023, address transmitting and storing PII. In addition, OFM provided CPD staff training on the transmittal and storage of PII as follows:
- During a CPD Office Hours training on March 3, 2022. PowerPoint slides were distributed to staff for their reference (A-6)
- In follow-up guidance distributed via email in The Cure: Field Office Brief #76, issued March 15, 2022 (A-7)
- In reminder guidance distributed via email in The Cure: Field Office Brief #85, issued July 26, 2022 (A-8)
- In a CPD Monitoring Refresher training conducted during CPD Office Hours on November 17, 2022. PowerPoint slides were distributed to staff for their reference (A-9)

OFM also provided CPD staff guidance and resources regarding GDX, CPD's method for securely transmitting and storing PII, including:
- GDX Fact Sheet for Grantees and Log in Tips (A-3)
- GDX Fact Sheet (4.15.2021) (A-4)
- GDX Training was provided as follows:
    - During CPD Office Hours on April 15, 2021 (A-5)
    - During CPD Office hours on March 3, 2022 (A-6)

OFM will continue to train staff on safeguarding PII, including the storage and transmittal of documentation, during the annual monitoring launch training.

Recommendation #3:
Identify and implement approaches to improve training, guidance, and instructions to grantees on protecting PII, as appropriate.

CPD Response: OFM acknowledges the importance of training and instructing grantees on how to protect PII, however, we non-concur with the recommendation. Preparing grantees for monitoring is a responsibility delegated to CPD Field Offices, who incorporate local best practices and tailored instruction when preparing grantees for monitoring. To this end, CPD staff have received training, reference materials, and guidance on transmitting and storing PII for them to use when training and instructing grantees (see OFM's Response to Recommendation #2).

In addition, as the report does not specifically identify grantees who violated PII requirements and the nature of those violations (or the prevalence), OFM believes that this recommendation is not necessary as the violations are about PII in the GMP system and not about the types of PII submitted by grantees. As such, these issues around PII are captured under Recommendation #1.

However, we note the following actions that have already been undertaken and address this recommendation. Training, guidance, and instruction was provided throughout FY2022 on use of GDX and its related functions for safeguarding PII. OFM GDX expert, Mr. Mark Mitchell, was available on-demand at Field Office request to provide training and instruction to grantees, which included presentations at 10-12 all-grantee meetings addressing GDX and safeguarding PII. Field Offices that did not have the capacity needed to train their grantees directly were instructed that this assistance was available upon request.

In addition, OFM has added language to the FY2023 CPD Monitoring Notification letter template (A-10) to address protecting PII and instructions for use of the GDX system. This is a required template letter and was issued to the Field on January 13, 2023.

Finding #4
CPD's use of remote monitoring impacted the duration of monitoring sessions.

CPD Comment: CPD concurs that, with removal of onsite constraints such as travel costs and the strain on personal obligations, CPD staff took advantage of additional time to conduct monitoring reviews, which is permissible per CPD's monitoring standards. CPD's performance standards establish that CPD staff have 15 workdays from the start of the monitoring (the entrance conference) to complete the review and conduct the exit conference.

The report indicates that the duration of remote monitoring could result in CPD conducting fewer monitoring sessions. This is not the case, as CPD annual monitoring goals (the number of monitoring sessions assigned to each Field Office to complete) are not based on the monitoring approach (remote or onsite) or in consideration of whether a monitoring session will take five days or 15 days to complete. OFM assigns monitoring goals based on factors including staffing levels, competing workload demands, and when staff can begin monitoring based on Risk Analysis completion. CPD Field Office management and staff manage workload to ensure successful completion of the monitoring goal assigned.

Finding #5
CPD's pause in onsite physical inspections posed challenges and could increase future risk scores.

Recommendation #4:
Issue guidance on how remote monitoring will impact the physical asset factor of the risk analysis process.

CPD Response: OFM non-concurs with this recommendation for two distinct reasons. The first reason is that the CPD Risk Notice (Notice CPD-22-11) itself offers guidance on how remote monitoring may or may not impact questions related to physical assets by incorporating specific criteria for consideration into the individual program worksheet questions, as applicable. OFM guidance beyond this is not necessary. The second reason is that the remote versus onsite nature of a CPD Monitoring review does not impact CPD's ability to review these areas nor does it impact the risk analysis process or results.

Physical assets findings, concerns or issues identified remotely or onsite are considered equally when the risk analysis review is conducted. In considering FY2023 Risk Analysis, the remote or onsite nature of a monitoring review had almost no impact on the Risk Analysis results (with one exception for HOPWA programs). Only two CPD programs (HOPWA and ESG) considered physical assets directly in FY2023 Risk Analysis:

- For ESG, risk analysis considered the Physical Condition of Emergency Shelters (Question 1.E). A grantee is high risk if "HUD has not conducted a review of the physical conditions of any ESG-funded emergency shelter within the past three program years; OR previous monitoring findings (on-site or remote) concerning the physical condition of ESG-funded emergency shelters remain unresolved." A grantee is medium risk if "HUD conducted a review of the physical conditions of an ESG funded emergency shelter within the past three program years, but not during the last two program years." See A-1, pages 46-47 and 72-73.

  This is an auto-populated score (with data and scoring provided by Headquarters). A "review" is considered to have been completed, regardless of whether that review was onsite or remote. A review can be conducted remotely, using third party documentation. In this way, the nature of the review does not impact the risk result.

- For HOPWA programs, there was one question which considered the nature of the monitoring—whether onsite or remote. When assessing Grantee Findings and Sanctions (Monitoring and OIG) (Question 1.D), an *onsite* review conducted of the grantee reflected high- or medium-risk. See A-1, page 55. This question was designed to reflect the specific prevalence of remote monitoring during 2020 and 2021 due to COVID-19 and will likely be altered going forward. In this instance a remote monitoring resulted in a *lower* risk score. In addition, this question is not specific to review of physical assets alone.

OFM also notes that beginning in FY2023, there is flexibility to perform hybrid monitoring, with some review spent onsite and some review spent remotely. This hybrid approach can successfully be employed to review program and project files remotely, while going onsite to review physical assets and property condition. CPD's internal 2023 Risk Analysis and Monitoring Protocols (A-2) establish hybrid monitoring as an acceptable form of review.

Recommendation #5:
Issue guidance on the use and admissibility of photographs and videos for evidence collection while remote monitoring.

CPD Response: OFM non-concurs with this recommendation. Physical assets, including property condition, can be assessed for compliance with CPD regulations various ways, including through third party documentation, reviewed remotely. For example, Certificates of Occupancy and final inspection reports confirm the existence of CPD-funded projects, while third-party annual inspection reports confirm property/unit condition. Program specific Monitoring Exhibits direct CPD staff to the appropriate documentation for consideration when determining compliance.

Example 1:

	Exhibit 28-5	6509.2 REV-6 CHG-2
	Emergency Solutions Grants	

22.

	Yes	No	N/A
Minimum ESG Habitability Standards: If ESG funds were used for shelter operations or renovation, do the records of the recipient and its subrecipients reflect that the shelter met the minimum safety, sanitation, and privacy standards set forth at 24 CFR 576.403, including inspection reports required by 24 CFR 576.500(j)? [24 CFR 576.403(b); 24 CFR 576.500(j)]	☐	☐	☐
Describe Basis for Conclusion:			

Example 2:
From the Exhibit Instructions for CDBG **Exhibit 3-11** - Guide for Review of Individual CDBG-Funded Rehabilitation Activities, when referencing "On-Site or Remote Property Inspections:

inspections only. To carry out the inspection, HUD reviewers should:

    a. Review documentation of substandard conditions, such as the initial property inspections, or equivalent;
    b. Review the work write-up and cost estimates, or the rehabilitation contract (or equivalent steps for documenting the work performed or to be performed);
    c. Review the final inspection (certificates, or equivalent documentation, if any);
    d. Review the actual work accomplished in comparison with the items established in the rehabilitation contract and the actual expenditures per item to the extent discernible; and
    e. Cover all aspects of the construction as set forth in the work write-up.

However, OFM notes the following actions that have already been undertaken and address this recommendation. OFM offered CPD staff suggestions for remote property tours and site visits in the Remote Monitoring Tips and Tricks Overview (A-11) resource issued April 2021.

- Optional: Virtual Tours or Site Visits
  - HUD staff can review images and discuss with grantee staff.
  - If possible, grantee staff can visit location and use mobile phone camera during videoconference. Ensure any clients being visited are notified by grantee staff at least 24 hours in advance.

Finding #6:
CPD should use remote monitoring to begin monitoring earlier in the year.

Recommendation #6:
Identify strategic opportunities to use remote monitoring early in the FY to maximize its responsibility to oversee and monitor its grantees and then use remote monitoring when those opportunities arise.

CPD Response: CPD concurs with this recommendation. Corrective measures were implemented for FY2023 monitoring, prior to issuance of the report. Based on these actions, CPD considers the recommendation resolved.

In CPD *Notice CPD 22-11: Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs in FY 2023* (A-1), published October 7, 2022, CPD expanded the circumstances under which remote monitoring could be considered, in part to account for possible monitoring delays in Quarter 1. Notice CPD-22-11 states: "Depending on the availability of travel resources, weather conditions, mandatory pandemic-related work from home, and operational limitations, CPD Field Offices can use remote monitoring as an alternate to on-site monitoring." CPD's internal 2023 Risk Analysis and Monitoring Protocols (A-2) further expand on the permissibility of remote and hybrid monitoring (see pages 8-9), including when needed to overcome practical limitations.

In addition, OFM undertook concerted effort to improve its Risk Analysis and monitoring timeframe for FY2023 to facilitate monitoring to begin in Quarter 1. This schedule resulted in the opportunity for Field Offices to finalize Monitoring Plans for FY2023 by November 18, 2022. This means that the first monitoring could begin on November 28, 2022, after the requirement to provide two-week notification to the grantee was satisfied.

Attachment

APPENDIX B – SCOPE, METHODOLOGY, AND LIMITATIONS

We completed this evaluation under the authority of the Inspector General Act of 1978 as amended and in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency (January 2012).

Scope

This evaluation looked at the Office of Community Planning and Development's (CPD) monitoring approach from October 1, 2018, through September 30, 2021. This evaluation focused on CPD's monitoring processes after the completion of the biennial risk analysis. We focused primarily on the perspectives and experiences of CPD field office employees involved in monitoring (referred to as CPD employees). We did not reach out to grantees to gather their input on remote monitoring.

Methodology

We gathered documentary and testimonial evidence through a combination of document requests, interviews, and a survey. Documentary evidence reviewed included the U.S. Department of Housing and Urban Development's (HUD) policies, handbooks, publications, training materials, and monitoring documentation. Monitoring documentation included monitoring notification letters, monitoring letter sent reports,[20] exhibits, and monitoring letters. We conducted a total of 18 interviews with 16 employees: 4 CPD field office representatives, 2 subject-matter experts, and 10 CPD officials. We also developed and fielded a survey to collect additional testimonial evidence. (See appendix C.) We did not use survey results to make projections or assumptions about the universe of CPD employees involved in monitoring.

Limitations

The survey on CPD's use of remote monitoring relied on voluntary participation. Because survey participation was voluntary, there is a potential for voluntary response bias. Therefore, the resulting responses could tend to overrepresent those individuals with strong opinions.

Interim Briefing

On February 16, 2022, we held an interim briefing with key CPD employees to share information on the evaluation team's oversight work. The evaluation team wanted to enable CPD to consider and, as appropriate, incorporate the results of the team's initial fieldwork into the fiscal year (FY) 2022 monitoring cycle. During the briefing, the evaluation team highlighted challenges with the Grantee Document Exchange (GDX), including requesting and organizing documents and grantee access.

In March 2022, CPD launched enhancements to return incomplete document requests and better organize documents received through GDX. CPD also identified a "workaround" to address the access challenges grantees faced. While outside the scope of this evaluation, we want to acknowledge CPD's efforts to improve the interface between Grants Management Process (GMP) and GDX. These enhancements may improve the common reasons for dissatisfaction described previously.

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[20]   Monitoring letter sent reports are generated using GMP. The information in GMP is dynamic. Therefore, the reports are accurate only as of the point in time when the report was created.

APPENDIX C – SURVEY METHODOLOGY AND RESULTS

Survey Methods

We conducted a survey of the Office of Community Planning and Development's (CPD) remote monitoring approach with a focus on CPD's ability to provide effective and efficient grantee oversight remotely in accordance with CPD's Monitoring Handbook requirements. This survey allowed us to answer our objectives by establishing a baseline for CPD's monitoring program before the pandemic, gaining a better understanding of monitoring during the pandemic, and identifying practices to continue postpandemic.

The survey was open between April 7 and April 29, 2022. The survey was sent to CPD field office employees involved in monitoring and onboard as of April 2022. The survey asked respondents to reflect upon remote monitoring activities between October 2018 and September 2021, which coincided with the scope of the overall evaluation.

We used Microsoft Forms to conduct the survey. We limited the responses to one per person and gave CPD an opportunity to review and comment on the survey's content. All CPD field offices were represented in the population. To ensure the accuracy of the survey population, field office directors were provided an opportunity to review and update the list of employees who received the survey. Of the 478 surveys distributed, 310 personnel responded, which equates to a 65 percent response rate. Of the 310 personnel who responded to the survey, 283 had been involved in remote monitoring at least once between the national emergency declaration concerning the coronavirus disease 2019 (COVID-19) pandemic and the end of fiscal year 2021 and, therefore, received the entire survey.

Survey Questions and Results

Our survey included 34 questions. We did not require all respondents to answer every question. In addition, certain survey questions depended on respondents' answers to a previous question.

We chose to use a variety of question types, to include a Likert scale to measure respondents' satisfaction or dissatisfaction with a statement; a multiple-choice option scale, eliminating a "neutral" option; and open-ended questions that allowed respondents to write in responses to those questions. In the body of the report, we report on response frequency to closed-ended questions using percentages. We report on response frequency to open-ended questions using the number of respondents who volunteered related information. See figure 9 below for a summary of survey questions and results.

Figure 9. Summary of CPD survey questions and results

Survey results	
1. Were you involved in remote monitoring activities at least once between the national emergency declaration concerning the COVID-19 pandemic (March 13, 2020) and the end of fiscal year 2021 (September 30, 2021)?	
Yes	91%
No	9%

Survey results	
2. Were you involved in remote monitoring between the beginning of fiscal year 2019 (October 1, 2018) and just prior to the national emergency declaration concerning the COVID-19 pandemic (March 12, 2020)?	
Yes	29%
No	71%
Note: Questions 3 – 5 were demographics related only.	
3. Are you a supervisor or non-supervisor?	
4. Please select your role.	
5. Please select which region or office for which you work.	
6. How long have you been involved in monitoring CPD grantees? (If you have held multiple monitoring positions within CPD, please include the total time.)	
Less than 2 years (<2)	20%
2 years to 6 years (2 to 6)	29%
Over 6 years (>6)	51%
7. How effective or ineffective is remote monitoring in achieving CPD's monitoring objective of ensuring HUD-funded programs are carried out efficiently, effectively, and in compliance with applicable laws and regulations?	
Very effective	48%
Somewhat effective	41%
Somewhat ineffective	7%
Very ineffective	3%
I do not know/I have no basis for comparison	1%
8. Compared to onsite monitoring, how effective or ineffective is remote monitoring in achieving CPD's monitoring objective of ensuring HUD-funded programs are carried out efficiently, effectively, and in compliance with applicable laws and regulations?	
Remote monitoring is more effective than onsite monitoring	14%
Remote monitoring is about as effective as onsite monitoring	49%
Remote monitoring is less effective than onsite monitoring	29%
I do not know/I have no basis for comparison	8%
9. Starting with the entrance conference and ending with the exit conference, how does the length of time it takes to complete remote monitoring sessions compare with onsite monitoring sessions?	
Remote monitoring takes more time to complete than onsite monitoring	43%
Remote monitoring takes about the same amount of time to complete as onsite monitoring	33%
Remote monitoring takes less time to complete than onsite monitoring	11%

Survey results

I do not know/I have no basis for comparison	13%

10. You responded that the length of time to complete remote sessions starting with the entrance conference and ending with the exit conference took about the same amount of time or less time compared to onsite. What tips or best practices helped you complete remote monitoring in a timely manner?
(open ended)

11. You responded that the length of time to complete remote sessions starting with the entrance conference and ending with the exit conference took more time than onsite. Why did remote sessions take more time?
(open ended)

12. How important is building rapport with grantees when monitoring?

Important	87%
Somewhat important	12%
Somewhat not important	< 1%
Not important	0%
I do not know/I have no basis for comparison	< 1%

13. How effectively are you able to build rapport with grantees in a remote setting compared to onsite?

Building rapport with grantees is more effective remotely	9%
Building rapport with grantees is about as effective remotely	47%
Building rapport with grantees is less effective remotely	33%
I do not know/I have no basis for comparison	11%

14. You responded that you were more effective or about as effective in building rapport with grantees remotely compared to onsite. What tips or best practices helped you build rapport remotely?
(open ended)

15. Rate how strongly you agree or disagree with each statement.

	Strongly disagree	Somewhat disagree	Somewhat agree	Strongly agree	I do not know - I have no basis to respond
There is more back-and-forth trying to retrieve documents from grantees when monitoring remotely	11%	19%	22%	39%	9%
It is challenging to verify the existence of an asset when	12%	20%	32%	22%	14%

monitoring remotely.					
Photographs are an effective replacement for physical inspections	12%	26%	29%	14%	19%
Monitoring remotely enables the person monitoring to get a good sense of the grantee's project results.	12%	14%	40%	30%	4%

16. Since the national emergency declaration concerning the COVID-19 pandemic (March 13, 2020), have you received guidance, training, mentoring, or technical support specific to remote monitoring?	
Yes	95%
No	4%
I do not know	< 1%
Not Applicable	< 1%

17. How well did the guidance, training, mentoring, or technical support prepare you to monitor remotely?	
Very well	41%
Somewhat well	48%
Somewhat poorly	9%
Very poorly	2%
I do not know	0%

18. What improvements would you like to see to the guidance, training, mentoring, or technical support? (open ended)	

19. Would guidance, training, mentoring or technical support better prepare you to monitor remotely? *	
Yes	58%
No	17%
I do not know	25%
*Note: 12 responses to this question	

20. Since the national emergency declaration concerning the COVID-19 pandemic (March 13, 2020), have the grantee(s) you monitored remotely received guidance, training, mentoring, or technical support on remote monitoring?	
Yes	67%
No	15%
I do not know	18%

Survey results

21. Please select whether you find remote monitoring effective in the following situations.			
	Yes	No	Not applicable
When monitoring low risk grantees	83%	10%	7%
When a grantee's location is difficult to physically travel to	79%	14%	7%
When budget constraints limit the ability to travel	81%	13%	6%
When conducting pre-monitoring activities (initial document request, etc.)	92%	7%	1%
When conducting post-monitoring activities (document follow-up, etc.)	90%	9%	1%
When monitoring using certain exhibits only	75%	16%	9%
When monitoring during an emergency (like the pandemic)	92%	7%	1%
22. Have you used GMP/GDX to receive documents from grantees?			
Yes, I have used GMP/GDX to receive documents from grantees at least once.	80%		
No, I have only received documents from grantees outside of GMP/GDX.	12%		
I do not know/I have no basis to respond.	8%		
23. You responded that you only received documents from grantees outside of GMP/GDX. How did you receive documents outside of GMP/GDX? (open ended)			
24. How satisfied or dissatisfied are you with your experience receiving documents from grantees using GMP/GDX?*			
Very satisfied	22%		
Somewhat satisfied	40%		
Somewhat dissatisfied	24%		
Very dissatisfied	14%		

Survey results	
I do not know/I have no basis to respond	0%
Note: 225 responses to this question	
25. You reported that you were somewhat or very satisfied with your experience receiving documents from grantees using GMP/GDX. Why were you satisfied with GMP/GDX? (open ended)	
26. You reported that you were somewhat or very dissatisfied with your experience receiving documents from grantees using GMP/GDX. Why were you dissatisfied with GMP/GDX? (open ended)	
27. You responded that you were somewhat or very dissatisfied with your experience receiving documents from grantees using GMP/GDX. What suggestions for improvement do you have? (open ended)	
28. Did you come across documents with personally identifiable information (PII) while monitoring remotely?	
Yes	73%
No	19%
I do not know / NA	8%
29. When monitoring remotely, how confident are you that the controls in place to mitigate the risk that grantees share only favorable documentation are effective?	
Completely confident	20%
Fairly confident	42%
Slightly confident	15%
Not confident	10%
I do not know	13%
30. You responded that you are fairly or completely confident that the controls in place to mitigate the risk that grantees share only favorable documentation are effective. Why? (open ended)	
31. You responded that you are slightly confident or not confident that the controls in place to mitigate the risk that grantees share only favorable documentation are effective. Why? (open ended)	
32. Based on your role, what best practices have you used in a remote monitoring setting? (open ended)	
33. What changes would you like to see made to remote monitoring? (open ended)	
34. Is there anything else you would like to share about remote monitoring, including any advantages or limitations? (open ended)	

APPENDIX D – EXAMPLE EXHIBIT – EXHIBIT 10-2

Guide for Review of HOPWA Facility-based Projects			
Name of Grantee:			
Staff Consulted:			
Program Year Under Review:			
Name(s) of Reviewer(s):		**Date:**	

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a **"finding."**

Instructions: This Exhibit is designed to evaluate facility-based projects and activities including new construction, rehabilitation, conversion, acquisition, and facility operation. This Exhibit is applicable to all HOPWA grants implementing facility-based projects or activities regardless of the year awarded. The questions in this Exhibit should be used in conjunction with Exhibit 10-1, Sections A-D, which monitors core HOPWA program requirements for all grants. Guidance on file selection and sampling to answer the Exhibit questions can be found in Section 10-5 of Chapter 10 introduction. Reviewers should use a combination of file samples, support documentation, staff interviews, and on-site visits to complete this Exhibit. This Exhibit is divided into three sections: Development; Facility Operations; and On-Site Review of a Facility.

Questions:

A. DEVELOPMENT

For new construction, are the activities eligible, involving either single room occupancy dwellings (SROs) or multi-unit community residences? [24 CFR 574.300(b)(4); 24 CFR 574.340]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Does the grantee adequately track and observe the "Minimum Use Periods" for development activities related to new construction, acquisition, rehabilitation, and repair of facilities to provide housing and services? [24 CFR 574.310(c)]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

In reviewing compliance with the use periods for facilities, does an examination of related Grantee records, such as restrictive covenants, verify that the structures are to provide housing or assistance for the stipulated number of years (10 years for projects involving new construction, substantial rehabilitation, acquisition; and 3 years for projects involving non-substantial rehabilitation)? [24 CFR 574.310(c)]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

If the project included rehabilitation, repair, or conversion, did the work performed satisfactorily follow development standards, including environmental clearances and lead-based paint requirements? [24 CFR 574.510 and 24 CFR 574.635]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

B. FACILITY OPERATIONS

If facilities are being leased with HOPWA funds, are resident rent payments collected, or used in determining the lease payment from HOPWA funds? **NOTE:** For projects using leasing funds for housing facilities, request records showing the amount of monthly/yearly rent, documentation showing comparable rents in the area, and applicable resident rent payments for the households assisted. [24 CFR 574.310(d) and 24 CFR 574.320]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Except for short-term facilities, are resident rent payments charged by projects accurately calculated with adequate documentation and updated annually in client files through income re-certifications? [24 CFR 574.310(d) and 24 CFR 574.320]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Based on a sample review of client files, do records document that the resident rent payments (charged to the household) and the HOPWA subsidy payments were calculated as required and updated on an annual basis? **NOTE:** Rental payments must be determined using a rent standard based on fair market rents or the HUD-approved community-wide exception rent, and rent reasonableness. [24 CFR 574.310 (d) and 24 CFR 574.320]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Except for short-term facilities, are projects requiring participants to pay a correctly calculated resident rent payment and are not charging any additional fees? [24 CFR 574.310(d); 24 CFR 574.320; and 24 CFR 574.430]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Do the HOPWA-assisted projects have adequate residential supervision to ensure that housing and service standards are met and the organizations involved demonstrate the capacity to administer the activities? [24 CFR 574.310, 24 CFR 574.340 and 24 CFR 574.410]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

If the grantee funds operating costs in community residences, has the grantee or project sponsor(s) obtained and maintained certifications for the agreement of services at the community residence, the adequacy of funding, and the capability of the service providers? [24 CFR 574.340(b)]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Do grantee and/or project sponsor files verify that housing habitability standards inspections are being made in connection with providing rental assistance? **NOTE:** Habitability standards should be further monitored with the on-site review questions in Section C, if possible. [24 CFR 574.310(b)]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

Does the grantee ensure confidentiality and physical security of client records and the address/location for facilities leased or operated with HOPWA funds? [24 CFR 574.440]	☐ ☐ ☐
	Yes No N/A
Describe Basis for Conclusion:	

Does the grantee have procedures for ensuring that property and assets acquired with HOPWA funds for use at HOPWA-assisted facilities are used for authorized purposes? [24 CFR 574.500]	☐ ☐ ☐
	Yes No N/A
Describe Basis for Conclusion:	

For short-term facilities such as overnight shelters, does the grantee and/or project sponsor comply with: a. time limitations of not providing residence to any individual for more than 60 days in any 6-month period, and b. residency limitations of not providing shelter for more than 50 families or individuals at any single time? [24 CFR 574.330]	☐ ☐ ☐
	Yes No N/A
Describe Basis for Conclusion:	

For short-term facilities, such as overnight shelters, does the grantee and/or project sponsor, to the maximum extent practicable, provide the assisted individual an opportunity for placement in permanent housing or in a living environment appropriate to his or her needs? [24 CFR 574.330]	☐ ☐ ☐
	Yes No N/A
Describe Basis for Conclusion:	

16.

For short-term facilities, does the grantee and/or project sponsor provide the opportunity for case management services from the appropriate social service agencies to assisted individuals, if eligible? [24 CFR 574.330]	☐ ☐ ☐
	Yes No N/A
Describe Basis for Conclusion:	

C. ON-SITE REVIEW OF FACILITY

Does the facility provide safe and sanitary housing that is in compliance with all applicable State and local housing codes, licensing requirements, and any other requirements in the jurisdiction in which the housing is located regarding the condition of the structure and the operation of the housing? [24 CFR 574.310(b)(1)]	☐ ☐　 ☐ **Yes No　 N/A**
Describe Basis for Conclusion:	

Does the grantee and/or project sponsor have verification of compliance with the Lead-Based Paint Poisoning Prevention Act for rental assistance where housing was constructed prior to 1978 and where children under age 6 are living and/or expected to reside? [24 CFR 574.635 and 24 CFR part 35]	☐ ☐　 ☐ **Yes No　 N/A**
Describe Basis for Conclusion:	

This question reviews the habitability standards required for all housing assisted under 24 CFR 574.300(b)(3),(4),(5), and (8). These requirements apply to Facility-based programs when the organization owns or leases the units, Master Leasing programs when the organization is the tenant subletting to households, and TBRA programs where the organization is responsible for approving the unit the tenant rents. Grantees and project sponsors are required to ensure all housing quality standards at 24 CFR 574.310(b) are met for covered housing assistance.	
Based on your on-site review, and staff interviews:	
a. Is the facility structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the residents from hazards? [24 CFR 574.310(b)(2)(i)]	☐ ☐　 ☐ **Yes No　 N/A**
b. Is the housing accessible and capable of being utilized without unauthorized use of other private properties? [24 CFR 574.310(b)(2)(ii)]	☐ ☐　 ☐ **Yes No　 N/A**
c. Does the structure provide alternate means of egress in case of fire? [24 CFR 574.310(b)(2)(ii)]	☐ ☐　 ☐ **Yes No　 N/A**
d. Are residents afforded adequate space and security for themselves and their belongings? [24 CFR 574.310(b)(2)(iii)]	☐ ☐　 ☐ **Yes No　 N/A**
e. Are residents provided an acceptable place to sleep? [24 CFR 574.310(b)(2)(iii)]	☐ ☐　 ☐ **Yes No　 N/A**
f. Are rooms and space provided with natural or mechanical ventilation, and free of pollutants in the air at levels that threaten the health of residents? [24 CFR 574.310(b)(2)(iv)]	☐ ☐　 ☐ **Yes No　 N/A**

g. Is the water supply free from contamination at levels that threaten the health of individuals? [24 CFR 574.310(b)(2)(v)]	☐ ☐ ☐ **Yes No N/A**
h. Does the housing have adequate heating and/or cooling facilities in proper operating condition? [24 CFR 574.310(b)(2)(vi)]	☐ ☐ ☐ **Yes No N/A**
i. Does the housing have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of residents? [24 CFR 574.310(b)(2)(vii)]	☐ ☐ ☐ **Yes No N/A**
j. Are sufficient electrical sources provided to permit use of essential electrical appliances while assuring safety from fire? [24 CFR 574.310(b)(2)(vii)]	☐ ☐ ☐ **Yes No N/A**
k. Do food preparation areas contain suitable space and equipment to store, prepare, and serve food in a sanitary manner? [24 CFR 574.310(b)(2)(viii)]	☐ ☐ ☐ **Yes No N/A**
l. Is the housing and any equipment maintained in sanitary condition? [24 CFR 574.310(b)(2)(ix)]	☐ ☐ ☐ **Yes No N/A**
Describe Basis for Conclusion:	

APPENDIX E – ABBREVIATIONS

Abbreviation	
ARP	American Rescue Plan
CARES	Coronavirus Aid, Relief, and Economic Security
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
COVID-19	coronavirus disease 2019
CPD	Office of Community Planning and Development
DRGR	Disaster Recovery Grants Reporting
DRSI	Disaster Recovery and Special Issue Division
ESG	Emergency Solutions Grants
FY	fiscal year
GDX	Grantee Document Exchange
GMP	Grants Management Process
HOME	HOME Investment Partnerships
HOPWA	Housing Opportunities for Persons With AIDS
HUD	U.S. Department of Housing and Urban Development
HUD OIG	HUD Office of Inspector General
OFM	Office of Field Management
PII	personally identifiable information
SSN	Social Security number

APPENDIX F – ACKNOWLEDGEMENTS