

U. S. Department of Housing and Urban Development

Office of Inspector General for Investigation

Inspections and Evaluations Division



HUD's Supportive Housing Program

Survey of Grantee Monitoring of Project Sponsors

February 16, 2011

IED-11-002R

Executive Summary

The Office of Inspector General (OIG), Inspections and Evaluations Division, conducts independent, objective examinations of U.S. Department of Housing and Urban Development (HUD) activities, programs, operations, and organizational issues.

We conducted a survey of HUD's Supportive Housing Program (SHP); specifically, grantee monitoring of nonprofit subgrantees (project sponsors) that deliver supportive housing and/or supportive services. OIG investigations of alleged fraudulent activity by employees of project sponsors raised concerns about oversight on the part of HUD and the grantees. The objective of the survey was to assess whether SHP grantees followed Federal regulations and HUD guidance on monitoring project sponsor activities and program expenditures. We also looked at HUD's role in grantee monitoring of project sponsors. Questionnaires were sent to all 44 HUD Office of Community Planning and Development (CPD) regional and field offices and to a sample of 11 SHP grantees and 12 project sponsors.

Survey responses indicated that overall HUD is actively providing monitoring guidance to SHP grantees and that most grantees reported compliance with Federal regulations related to their monitoring of project sponsors. Responses to the survey also indicated that improvement is warranted in certain aspects of HUD's guidance and the grantees' monitoring of project sponsor activities. For example,

- 3 CPD offices did not assess grantee monitoring of project sponsors in their jurisdictions,
- 17 CPD offices did not provide specific instructions to SHP grantees on their responsibility to ensure that project sponsors had not been debarred or suspended from participating in Federal programs,
- 7 CPD offices reported that not all grantees in their jurisdiction reviewed project sponsors to identify possible conflict-of-interest concerns, and
- Standards differed among SHP grantees as to what was considered adequate documentation to support project sponsor expenditures.

HUD and SHP grantees identified staffing and funding as primary barriers in meeting their oversight and monitoring responsibilities. More than half of the CPD field offices cited inadequate staffing, insufficient funds to pay for onsite grantee monitoring visits, and the lack of knowledge and program expertise. Several grantees also expressed concern over insufficient funding to pay for onsite monitoring visits to project sponsors and inadequate staff levels.

Recent passage of the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) in 2009 may help to reduce some of the barriers. For example, HEARTH doubled the percentage of program funds (from 5 to 10 percent) that grantees may use for administrative costs such as monitoring. The SHP Director expects that the increase should help grantees meet their monitoring responsibilities. Further, CPD plans to offer additional technical assistance to help SHP grantees deal with their staffing difficulties.¹

¹At the time of this survey, HUD was preparing proposed regulations and program guidance to codify and implement the HEARTH Act, including provisions of the Act which incorporates services that were formerly funded under SHP.

Effective oversight and monitoring are crucial to ensuring that SHP funds are properly spent to assist in the transition of persons out of homelessness. When SHP grantees accept Federal funds, they also accept the responsibility to manage the program in accordance with all applicable Federal and HUD regulations. Therefore, monitoring of grantees and project sponsors that deliver supportive housing services is essential for program success. In this regard, HUD should reinforce compliance with Federal regulations and monitoring guidance and ensure that its monitoring reviews include an assessment of SHP grantee project sponsor management.

We provided a draft copy of the report to the Assistant Secretary for CPD on December 16, 2010. The Assistant Secretary in a memorandum dated January 31, 2011, agreed with our observations and concurred with the recommendations. OIG considers CPD's planned corrective actions to be responsive to our three recommendations. However, the recommendations remain open pending verification of corrective actions taken. The complete text of CPD's response is included in Appendix A to this report.

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Introduction

Supportive Housing Program

The Supportive Housing Program (SHP) is one of several homelessness programs authorized by Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987 as amended. SHP is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. Eligible applicants are State and local governments, public housing authorities, and private nonprofit entities. As prescribed in 24 CFR (Code of Federal Regulations) 583.115 and 583.120, program funds may be used for leasing, including paying rent for entire structures or individual units to provide housing for program participants and/or for supportive services such as case management and health care. A portion of the grant funds may also be used by grantees for operations and to cover administrative costs.² SHP allows grantees to contract with other organizations, typically nonprofits, to deliver the supportive housing and services to eligible participants. These nonprofits are referred to as project sponsors.

The following table shows SHP funding by major components for fiscal years (FY) 2008 and 2009.³

SHP activity	FY 2008 (in millions)	No. of projects	FY 2009 (in millions)	No. of projects
Permanent housing for persons with disabilities	\$374.1	1,888	\$438.9	2,300
Transitional housing	\$435.5	2,140	\$428.8	2,212
Supportive services	\$129.7	829	\$132.1	834
Total	\$939.3	4,857	\$999.8	5,346

SHP is administered by the U.S. Department of Housing and Urban Development's (HUD) Office of Special Needs Assistance Programs (SNAPS) within the Office of Community Planning and Development (CPD). SHP management is decentralized, with CPD regional and field offices being responsible for ensuring that the grantees and project sponsors comply with applicable Federal laws and regulations and HUD policies and procedures.

Applicable Federal Regulations

Federal regulations for monitoring HUD-funded programs are found in 24 CFR 84.51 for nonprofits and 24 CFR 85.40 for State and local government agencies. These regulations require grantees to monitor subgrant-supported activities (e.g., project sponsors). Specifically, 24 CFR 84.51 states that grant recipients are responsible for managing and monitoring each project, program, and subaward, including compliance with Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Regulations at 24 CFR 85.40 contain similar language that requires grantees to manage the day-

² Federal statute limits the amount of grant funds that may be used by the grantee for administrative costs, such as monitoring, to not more than 5 percent of the grant award.

³ FY 2010 SHP funding data were not available at the time of this survey.

to-day operations of grant and subgrant-supported activities to ensure compliance with Federal requirements and that performance goals are achieved. Section 85.40 also mandates that grantees submit annual performance reports to HUD. Additionally, 24 CFR 583.330 codifies Federal regulations related to SHP and cites 24 CFR Part 85, which prohibits conflicts of interest by grantees and subgrantees. These regulations also reference OMB Circulars A-87 and A-122, which require that costs incurred by subgrantees using Federal program funds be reasonable and adequately documented.

Scope and Methodology

We conducted a survey of SHP in response to concerns raised about oversight on the part of HUD and the grantees. The concerns resulted from Office of Inspector General (OIG) investigations of alleged fraudulent activity by employees of project sponsors. The objective of the survey was to assess whether SHP grantees followed Federal regulations and HUD guidance on monitoring project sponsor activities and program expenditures. We also looked at HUD's role in grantee monitoring of project sponsors.

We designed three questionnaires to collect the majority of the information for this survey. One questionnaire (appendix B) was used to collect information from all 44 CPD regional and field offices nationwide, covering the 10 HUD regions.⁴ Four of the offices did not complete the questionnaire because they did not have any grantees that used sponsors to deliver SHP services in their jurisdiction. Therefore, the data analyzed were based on 40 completed questionnaires. The questionnaire covered topics related to the CPD offices' guidance to SHP grantees on monitoring project sponsors and their assessment of grantee monitoring in the respective jurisdiction.

We sent two other sets of questionnaires (appendixes C and D) to 9 SHP grantees⁵ and 9 project sponsors that delivered SHP services for these grantees covering 9 of the 10 HUD regions. The survey responses were supplemented by responses to questionnaires that we tested at two other grantees and three of their sponsors located in HUD Region 2.⁶ Therefore, the survey obtained results from a total of 11 grantees and 12 sponsors. The information collected from the grantee and project sponsor questionnaires covered the monitoring activities of the selected grantees and relationships with their project sponsors.

We used data provided by SNAPS to select the 11 SHP grantees for survey. SNAPS provided information on all SHP grantees that used project sponsors to provide rental assistance and/or supportive services during the review period, January 2008 through August 2010. They also provided a list of SHP grantees that were designated as high risk for FY 2010. We also obtained project expenditure data from HUD's Line of Credit Control System.

⁴ The 50 States, the District of Columbia, and five U.S. territories are divided among 10 HUD regional offices.

⁵ In accordance with restrictions placed on Federal agencies by the Federal Paperwork Reduction Act (44 U.S.C. (United States Code) 35), we were limited to the number of grantees and sponsors that were sent questionnaires.

⁶ HUD Region 2 covers the States of New York and New Jersey. The regional office is located in New York City, with field offices in Buffalo and Newark.

The factors considered in the selection of the 11 SHP grantees were as follows:

- Grantee representation in all 10 HUD regions,
- Grantees that were designated as high-risk grantees in 2010 by CPD based on an annual risk assessment conducted by CPD regional and field offices,
- Grantees that had an agreement with a nonprofit sponsor to deliver housing assistance and/or supportive services to eligible project participants, and
- SHP funds expenditures between January 2008 and August 2010.

We received a 100 percent response rate from the CPD offices as well as from SHP grantees and project sponsors. CPD's Acting Deputy Assistant Secretary for Operations and the SHP Director assisted in coordinating the transmission of the questionnaire to the 44 CPD regional and field offices in the country.

We conducted the survey in accordance with the *Quality Standards for Inspections* adopted by the Council of the Inspectors General on Integrity and Efficiency.

Observations

Observation 1: Enhancements Needed in Some Areas of HUD and Grantee Monitoring

Survey results showed that CPD regional and field offices play an important and active role in educating, instructing, and providing guidance to SHP grantees on their federally required monitoring responsibilities. While the survey indicated that 10 of the 11 selected grantees (with the exception of one located in New York, HUD Region 2) monitored their project sponsors and generally complied with the Federal monitoring regulations, it also identified some areas of grantee monitoring that can be improved.

HUD Guidance Provided to Grantees

HUD fulfills its monitoring role through various means. Responses to the survey indicated that most of the CPD field offices participate in annual live video startup conferences for new and existing grantees. These conferences are sponsored by CPD field offices, and the training is provided by CPD field staff and HUD contractors. The conference curriculum covers topics that are germane to monitoring, such as SHP project sponsor management, annual progress reports, eligibility checklists, and financial management. Federal regulations such as 24 CFR Parts 84 and 85 are distributed to the grantees, or the grantees are given Internet links to the material. Other conference topics include compliance with OMB Circular A-133, conflict-of-interest issues, and the need for written agreements between the grantee and the project sponsor.

The CPD respondents reported that instructions provided at the annual startup conferences were continuously supplemented, enforced, and updated through technical assistance provided by CPD staff or contractors, periodic workshops for grantees and sponsors, and feedback on grantees' technical submissions, which is part of the grant application. Additionally, CPD provides printed material (either hardcopy or via the HUD Web site) to help grantees. The respondents predominately cited the *SHP Desk Guide* and the *SHP Self-Monitoring Tools* as

sources that grantees can rely on for guidance on how and what to monitor. In particular, the *Self-Monitoring Tool* guide book provides grantees and project sponsors with forms to enable staff to assess its project operations against the standards set by HUD rules and Federal regulations. It includes material on how to track eligible activities and expenses and how to determine and document participant eligibility. Further, this guide book references the Federal requirements for accounting records and source documents found in 24 CFR 84.21 and 85.20. These regulations also require that expenditures be supported by source documents such as cancelled checks, paid bills, payrolls, time and attendance records, contracts, etc.

Exhibit 13-6 of HUD Handbook 6509.2, REV-6 (Community Planning and Development Monitoring Handbook), includes work steps for CPD offices to assess an SHP grantee's project sponsor management, including oversight of the day-to-day operations of project sponsor activities. Survey results indicated that not all CPD offices followed these work steps when monitoring SHP grantees for compliance with Federal requirements and the achievement of performance goals identified in a grantee's homeless assistance approved application. Three surveyed respondents reported that they did not perform an assessment of grantee project sponsor management. By not performing this assessment, they forfeit the opportunity to identify potential weaknesses with a grantee's monitoring of project sponsors and to provide needed corrective assistance. This issue is especially important since the CPD offices focus their monitoring resources on grantees that are considered high risk and typically conduct onsite monitoring visits to grantees only once every 2 to 3 years.

The survey results also indicated that CPD offices had not consistently provided guidance on the Federal regulations prescribed at 24 CFR 84.13 and 85.35, which state that grantees must not make any award or permit any award to any party which is debarred or suspended. Seventeen CPD offices reported that they did not provide specific guidance to the grantees on their responsibility to comply with these regulations. Many of the surveyed respondents stated that their guidance was accomplished by referring SHP grantees to the applicable regulations. Further, three surveyed SHP grantees reported that they did not determine whether their project sponsors had been debarred or suspended. The SHP Director stated that CPD relies on grantees to verify that project sponsors are not debarred or suspended. The HUD monitoring handbook does not include a work step for CPD to confirm grantee compliance in this area.

Grantee Monitoring of Project Sponsors

Survey results indicated that the majority of CPD offices (24 of the 40) were basically satisfied with the monitoring that SHP grantees performed. Overall, grantees have a management system for oversight and written agreements with their project sponsors. SHP grantees also perform monitoring steps such as determining whether costs submitted for reimbursement are for eligible activities and checking rent calculations for payment of subsidies. The results also disclosed that 1 of the 11 surveyed SHP grantees (located in New York, HUD Region 2) reported that it did not follow HUD guidance on monitoring of project sponsors. The CPD field office recently conducted a monitoring visit to this grantee and confirmed that the grantee did not comply with Federal requirements involving the monitoring of project sponsors.

Three SHP grantees attributed their monitoring efforts to uncovering instances in which project sponsors submitted reimbursement claims for ineligible costs such as personal long distance phone charges and coffee service for the staff. One of the three grantees terminated the contract with the responsible project sponsor, and the other two grantees did not reimburse the project sponsors for the ineligible cost. A fourth grantee determined that two project sponsors were unable to perform their responsibilities and transferred the projects to other project sponsors.

However, survey results also identified inconsistencies among SHP grantees regarding compliance with Federal and HUD monitoring requirements. Seven CPD offices reported that not all grantees in their jurisdiction checked for conflicts of interests. Additionally, results indicated that not all grantees

- Required written agreements with sponsors,
- Reviewed rent calculations for subsidized living units, and/or
- Verified that project participants lived at the addresses subsidized with program funds.

Further, survey results disclosed inconsistencies in documentation that SHP grantees accepted as support for project expenses. Six CPD offices reported that SHP grantees accepted nonsource documents for expenses such as project sponsor-generated vouchers and other accounting records. One CPD office responded that grantees accepted unverified data reported by project sponsors in their annual performance reports. While a majority of grantees reported that they required source documentation from project sponsors such as cancelled checks, paid bills, and payroll registers, some SHP grantees reported that they accepted nonsource documents including payroll summaries and cash disbursement journals. Regulations at 24 CFR 84.21 and 85.20 require that expenditures be supported by source documents such as cancelled checks, paid bills, payrolls, time and attendance records, contracts, etc.

Observation 2: Barriers to Effective Grantee Monitoring

Of the 40 CPD offices surveyed, 16 reported that they were either not satisfied with SHP grantees or concerned that they might not be doing a satisfactory job of monitoring their project sponsors. Further, 12 CPD offices indicated that they found instances in which program funds were used for ineligible costs or unsupported expenditures.

Twenty-one CPD offices identified barriers which they believed hindered a grantee's ability to perform effective monitoring of its project sponsors; specifically,

- Insufficient funds to pay for adequate staff and conduct onsite monitoring,
- Staff turnover,
- Lack of knowledge and program expertise, and
- Limited experience in performing monitoring.

Three grantees also expressed concern over insufficient funding to pay for onsite monitoring visits to project sponsors and inadequate staff levels.

Additionally, while 9 of the 11 grantees reported that they conducted onsite monitoring visits to project sponsors, the monitoring was neither performed on a regular basis, nor were all project sponsors visited. In particular, project sponsors that are located in large rural areas may not be visited because of insufficient staffing and lack of travel funds.

Recent Legislation

In 2009, Congress passed the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH), which reauthorized the McKinney-Vento Homeless Assistance Act of 1987. The legislation in part consolidates three of the separate homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program.

The eligible activities of the SHP will be combined with the Shelter Plus Care and Single Room Occupancy Programs' program activities and services. The primary goal of these programs is to provide funds to State and local governments and non-profit organizations to offer housing and supportive services for homeless individuals and families.

The current administration cap for SHP is five percent of the total grant amount. To pay for additional administrative requirements under HEARTH, such as monitoring, Congress doubled the percentage from 5 to 10 percent.

The SHP Director acknowledged that limited administrative dollars may present a barrier to facilitating monitoring responsibilities for many organizations and believes that the increase in administrative funds through this new legislation should help grantees fulfill their monitoring responsibilities. The Director is hopeful that grantees will be able to hire additional staff to manage their funded projects and pay for more regular onsite monitoring. Recognizing that a number of grantees also have staff capacity problems, CPD plans to offer technical assistance to grantees that need to enhance their staff, organizational, and financial capacity.

At the time of the survey, HUD was drafting proposed regulations and program guidance to codify and implement the HEARTH Act, including specific provisions related to Subtitle C – Continuum of Care Program; which incorporates services that were formerly funded under SHP.

Recommendations

Effective oversight and monitoring are crucial to ensuring that SHP funds are properly spent to assist in the transition of persons out of homelessness. When SHP grantees accept Federal funds, they also accept the responsibility to manage the program in accordance with all applicable Federal and HUD regulations. Therefore, monitoring of grantees and project sponsors that deliver supportive housing services is essential for program success.

In this regard, we recommend that HUD's Office of Community Planning and Development

1. Reinforce compliance with Federal regulations and HUD monitoring guidance; specifically, to ensure that SHP grantees

- A. Confirm that prospective project sponsors are not debarred or suspended from participating in Federal programs before making an award.
 - B. Check for any possible conflict-of-interest issues.
 - C. Conduct onsite monitoring visits to project sponsors.
 - D. Require project sponsors to provide adequate source documentation to support the expenditure of SHP funds as prescribed in 24 CFR 84.21 and 85.20.
2. Ensure that monitoring reviews of SHP grantees include an assessment of grantee project sponsor management.
 3. Provide SHP grantees technical assistance and guidance as needed.

Comments and OIG Response

We provided a draft copy of the report to the Assistant Secretary for CPD on December 16, 2010. The Assistant Secretary agreed with our observations and concurred with the related recommendations (Appendix A). We recognize CPD's efforts to reinforce and improve compliance with federal regulations and SHP monitoring guidance and consider the planned corrective actions to be responsive to recommendations 1 through 3. However, the recommendations remain open pending verification of corrective actions. OIG will follow-up with CPD to determine the status of the corrective actions taken.

Appendix A – HUD Office of Community Planning and Development’s Comments



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

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

JAN 3 1 2011

MEMORANDUM FOR: Jennifer L. Sorenson, Director, Inspections and Evaluations Division,
Office of Investigation, GIH

FROM: Mercedes Marquez, Assistant Secretary, D

SUBJECT: Draft Report—HUD’s Supportive Housing Program, Survey of Grantee
Monitoring of Project Sponsors, IED-11-002R

Thank you for the opportunity to provide comment on the Office of Inspector General’s (OIG) draft report of the audit of HUD’s Supportive Housing Program (SHP) Grantee Monitoring of Project Sponsors. The Office of Community Planning and Development’s (CPD) comments on your recommendations and proposed actions are provided below.

OIG Recommendation—Reinforce compliance with federal regulations and HUD monitoring guidance, specifically to ensure SHP grantees:

- Confirm that prospective project sponsors are not debarred or suspended from participating in federal programs prior to making an award;
- Check for any possible conflict of interest issues;
- Conduct on-site monitoring visits of project sponsors; and
- Require project sponsors to provide adequate source documentation to support the expenditure of SHP funds, as prescribed in 24 CFR 84.21 and 24 CFR 85.20.

CPD Response

CPD agrees with this recommendation. CPD’s Office of Special Needs Assistance Programs (SNAPS) will reemphasize in the FY2010 SHP Operating Instructions to the CPD field offices and in future HEARTH program policies, monitoring guidance, and training documents the importance of ensuring that prospective project sponsors are not on the federal debarment or suspension list, that there are no conflict of interest issues identified for the grantees, and project sponsors monitor their subrecipients.

SNAPS will provide guidance in the SHP Operating Instructions that CPD field offices inform all grantees that have project sponsors to conduct onsite monitoring visits and to require adequate source documentation to support all SHP expenditures, as prescribed in 24 CFR 84.21 and 24 CFR 85.20.

OIG Recommendation—Ensure monitoring review of SHP grantees include an assessment of grantee project sponsor management.

CPD Response

CPD agrees with this recommendation. SNAPS' FY2010 SHP Operating Instructions will direct CPD field offices to inform all SHP grantees that have a project sponsor to assess their project sponsors' management of their grants. HUD will convey in the Start-Up Conferences the requirement to conduct management and financial capacity assessment of their project sponsor's management.

It should be noted that as SNAPS transitions from the current grant programs to the new HEARTH programs, it will be working with the CPD Office of Field Management to evaluate and establish monitoring guidance, standards, and exhibits that will assess the quality of project sponsor performance. Guidance will be issued to provide information critical for making informed decisions about program effectiveness and management efficiency. Further, the new standards will ensure that project sponsors are carrying out activities that are effective, in compliance with applicable laws and regulations, and will assist in improvement of performance, development or increase of capacity, and enhancement of their management and technical skills. In addition, guidance will be included in field office and grantee training documents.

OIG Recommendation—Provide SHP grantees technical assistance and guidance, as needed.

CPD Response

CPD is a strong proponent of the provision of Technical Assistance (TA) and SNAPS is a leader in the delivery of TA to grantees. Until 2010, there were multiple systems employed to identify the TA needs of grantees and to disseminate provide guidance. Among the existing TA available to SHP grantees is the *Homelessness Resource Exchange* (HRE) at www.hudhre.info, which is a one-stop shop for information and resources for providers who are assisting persons who are homeless or at risk of becoming homeless. It provides program guidance and regulations, technical assistance (TA) and training resources, research and publications, including the SHP Desk Guide. Grantees can also request onsite TA through the HRE. SNAPS has a cadre of experienced TA providers that can provide remote or onsite TA, as needed in a community, on various topics related to SHP.

The SHP Desk Guide provides help to project staff administering the Supportive Housing Program. It includes information, key resources and technical assistance on the life cycle of a grant, basic information for new grantees, and specific guidance on complicated policy issues for all grantees. The Desk Guide is not a substitute for program regulations, but instead is a practical resource for common issues that arise during program implementation.

In 2011, CPD will also be implementing its *OneCPD Integrated Practitioner Assistance System*, which represents a fundamental change in the way HUD's "program-specific" technical assistance has been structured and delivered over the years to state and local

government grantees and nonprofits. Beyond improving the effectiveness of current technical assistance efforts by adopting a “cross-program” approach, OneCPD is intended as a collaborative effort between HUD, its state and local partners, and successful applicants focused on building the kind of grantee management systems and functional capacity necessary to successfully carry out comprehensive and sustainable “place-based” development and revitalization strategies. SHP grantees will have access to this resource.

During the transition to HEARTH, SNAPS and CPD’s Office of Field Management will work closely with the SNAPS’ TA providers to reevaluate the strategies being used to develop, deliver, and deploy technical assistance and training to grantees; and will develop TA products and tools that will assist grantees with the implementation of HEARTH.

Appendix B – CPD Questionnaire

CPD Regional/Field Office Questionnaire

Point of contact with your office for possible follow-up questions.			
Name and position of POC	Regional/field office location – city/state	Telephone No.	Email address
Question # 1	What type of guidance and/or technical support does your office provide to SHP grantees under your jurisdiction on the grantees’ responsibility to monitor sponsors that they have agreements with to provide leasing and supportive services to project participants?		
Answer			
Question #2	Identify for the following areas that your office provides guidance or instructions to the grantee as it relates to their relationship with their sponsors.		
Non-federal audits in compliance with OMB Circular A-133.	Conflict of interest between employees and individuals and entities conducting business with.	Written agreements between grantee (recipient) and sponsor (sub-recipients) detailing a project sponsor’s responsibilities and obligations.	Determining whether project sponsors were debarred or suspended from participating in federal programs.
Question #3	Does your office provide the SHP grantees with guidance on the type of documentation they should require the sponsor to provide them to support the eligibility of participants and the expenditures of SHP grant funds? Describe.		
Answer			
Question #4	As standard procedure, does your office provide to the SHP grantees copies of the Supportive Housing Program Desk Guide and/or the Supportive Housing Program Self-Monitoring Tools?		
Answer			
Question #5	Does your office’s monitoring of SHP grantees include steps to assess grantee’s monitoring of the sponsors? Describe.		
Answer			
Question #5a	As part of your grantee monitoring, do you also monitor the sponsors?		
Answer			
Question # 6	Since 2008, has your office, through its SHP grantee monitoring, found any instances of material misuse of SHP funds by the sponsor and/or possible fraudulent activities by the sponsor? Describe the circumstances.		
Answer			

Question #7	Based on your office's monitoring of SHP grantees, do the grantees generally have or conduct the following monitoring steps?
Management system for oversight of its sponsors?	
Execute written agreements with sponsor?	
Review sponsors for evidence of conflict of interest?	
Review sponsors' documentation supporting expenditures of SHP funds?	
Review sponsors' system for determining the eligibility of participants, calculating rent, and tracking the participants to ensure that they are residing in the SHP funded living units?	
Question #8	Based on your office's contacts with the SHP grantees and sponsors, have you identified any possible barriers or impediments to the grantees' oversight and monitoring of the sponsors? If yes, describe.
Answer	
Question #9	Based on your office's oversight of the SHP grantees, are you satisfied that the grantees are doing a satisfactory job of monitoring their sponsors?
Answer	
Question #9a	If not, please explain reasons why.
Answer	
Question #10	Provide any further comments on SHP grantee monitoring of sponsors that you may like to add.
Answer	

Appendix C – Grantee Questionnaire

SHP Grantee Questionnaire

Please provide responses to the following set of questions for your monitoring of sponsors for the SHP project(s) identified below in Question #1 for the period covered by fiscal year (or program year) 2008 through to the present.

Question # 1		Please provide the following information for each SHP project shown.		
HUD/SHP Project Number	Name of Sponsor	Point of Contact for Sponsor	Telephone and Email Contact for Sponsor	Type of Services Provided
Question #2	Describe your management system for the oversight and monitoring of your sponsor(s).			
Answer				
Question #2a	Do you monitor sponsor activities and expenses, as found in HUD’s SHP Desk Guide and the SHP Self-Monitoring Tools? Describe how you accomplish this.			
Answer				
Question #2b	Do you maintain a separate project monitoring file, as suggested in the HUD/SHP Desk Guide, for each SHP project? List the documents included in the project monitoring file.			
Answer				
Question #3	As part of your oversight, do you determine whether a prospective sponsor had been debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities? Describe how you determine this.			
Answer				
Question #4	Do you review sponsors to determine whether there is any evidence of conflict of interest, either between grantee and sponsor and the sponsor and any contractors or employees?			
Answer				
Question #5	As recommended in HUD’s SHP Desk Guide, do you have a “sub-recipient agreement,” which sets out the duties and responsibilities of the sponsor? If there is a sub-recipient agreement, please provide a copy			
Answer				
Question #6	Do you conduct monitoring on-site visits to the sponsor’s place of business and/or location(s) where project participants reside and/or receive supportive services to review SHP funded program activities and records? Describe.			
Answer				
Question #6a	How often do you make site visits? Did you make any monitoring site visits during the period 2008 to present? Provide date(s) of these monitoring site visits and identify which sponsor visited.			
Answer				
Question #6b	If you did not make any on-site monitoring visits to the sponsor(s) from 2008 to the present, explain why?			
Answer				
Question #7	Do you review how sponsor(s) determined that project participants are eligible to receive SHP funded assistance? Describe how.			
Answer				
Question #7a	What documentation do you require from the sponsor to support the homeless status of each participant?			

Answer	
Question #8	Do you verify that project participants who are receiving rental assistance from the sponsor actually live in the living units being subsidized with SHP funds? Describe how.
Answer	
Question #9	Do you track the sponsors' termination of housing and/or supportive services provided to specific project participants?
Answer	
Question #9a	In accordance with 24 CFR 583.300 (b) (11) (d); do you assure that the sponsor providing supportive services to project participants conducts ongoing assessments of the participants' needs and the availability of such services?
Answer	
Question #10	Do you review calculations made by the sponsor to determine if the rental amount subsidized with SHP funds are correct and reasonable? Describe how.
Answer	
Question #11	In processing monthly (periodic) claims from sponsor for costs, either advance or reimbursement payments, what documentation do you require from the sponsor to process payments through HUD's LOCCS?
Answer	
Question #12	Do you independently verify the data reported on the sponsor's Annual Progress Report (APR)?
Answer	
Question # 13	How do you assure that sponsors are in compliance with the audit requirements contained in the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and the revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
Answer	
Question #13a	If the sponsor is not required to submit an A-133 audit, do you require an annual independent audit of the sponsor?
Answer	
Question #14	Through your monitoring activities, have you identified any instances of the sponsor using SHP funds for ineligible costs and/or found instances of sponsor misuse or possible fraudulent activity? Please describe.
Answer	
Question #14a	If the misuse of SHP funds and/or possible fraudulent activity was found during your monitoring, was it reported to your local HUD CPD office or directly to the HUD Office of Inspector General?
Answer	
Question # 15	Are there any barriers or impediments to your ability to satisfactorily perform oversight and monitoring of your sponsor(s)? Indentify any.
Answer	
Question # 16	Provide any further comments or observations about monitoring conducted by SHP grantees and other related topics, such as HUD guidance for grantee monitoring.
Answer	

Please provide all monitoring reports (desk reviews and on-site) prepared by your organization on the identified project sponsors, from fiscal (program) years 2008 to the present.

Appendix D – Project Sponsor Questionnaire

SHP Sponsor Questionnaire

Please provide responses to the following set of questions as it relates to the grantee monitoring of the supportive housing services that your organization provides as a sponsor for the following SHP grantee, for the period covered by calendar years (or fiscal year) 2008 through to the present.

SHP project number		Name of grantee	
SHP sponsor		Name, position, and telephone# of sponsor point-of-contact	
Name of landlord(s) if SHP funds are used to lease living units, and telephone number			
Question #1	Is your organization a not-for-profit or other type of entity?		
Answer			
Question #2	What type of SHP funded supportive housing services is your organization providing to the project participants at any time during the period of 2008 to present?		
Answer	Housing assistance (lease/pay rent)		Supportive services
	Entire structure	Individual units	
Question #3	Show the amount of SHP funds the grantee actually paid your organization for the years (calendar or fiscal) shown for the supportive housing services you provided to project participants.		
Answer	2008	2009	2010 (to present)
Leasing structure for participant residences			
Rental assistance for individual living units			
Supportive services			
Question #4	Has your organization ever been debarred and/or suspended from participating in Federally funded programs or activities? If yes, when and was it terminated prior to your participation as a sponsor in the SHP?		
Answer			
Question #5	Has the grantee provided you with Federal/HUD regulations on potential conflicts of interest?		
Answer			
Question #6	What guidance has the grantee provided on the types of eligible costs that are covered by SHP funding and the required documentation to support the expenditures?		
Answer			
Question #7	What documentation do you provide to the SHP grantee to support requests for payment for the services you provide?		

Answer	Leasing structure or individual living units for project participants	Supportive services
Question #8	During the period 2008 to present, did the grantee make monitoring site visits to either your place of business and/or the locations where the project participants reside and/or receive supportive services? If yes, when?	
Answer		
Question #9	Has your SHP grantee ever found possible misuse of SHP funds and/or fraudulent activities during its monitoring of your organization?	
Answer		
Question #9a	Has HUD/CPD ever visited your site and found instances of misuse or fraud involving SHP funds?	
Answer		
Question #9b	Has your organization ever found any misuse or fraud by internal review/audit?	
Answer		
Question #10	Do you provide the grantee with documentation to support the eligibility of your project participants? If yes, describe the documentation provided to the grantee.	
Answer		
Question #11	Do you provide the grantee with documentation to support the calculation on the appropriate rental assistance funded with SHP grant funds? If yes, describe the documentation provided to the grantee.	
Answer		
Question #12	Do you verify that project participants are actually residing at the address that is subsidized with SHP funds?	
Answer		
Question #12a	Does the grantee verify that the project participants reside at the address subsidized with SHP funds?	
Answer		
Question #13	Has the grantee ever asked for documentation to support the data included in your Annual Progress Report (APR)?	
Answer		
Question #14	Has your organization filed an annual audit report per the audit requirements in the revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations?" Or other independent annual audit report to the grantee?	
Answer		
Question #15	Identify any problems that the SHP grantee has or may encounter with its oversight and monitoring of the project sponsors.	
Answer		
Questions #16	Provide any further comments or observations about monitoring conducted by SHP grantees and other related topics to your participation as a sponsor in the SHP.	
Answer		

Please provide all correspondence your organization has received from the SHP grantee since fiscal (program) years 2008 to the present relating to its monitoring of your SHP activities.