

Exhibit A-6
Lower Manhattan Development Corporation
SUBRECIPIENT MONITORING GUIDELINES

I. INTRODUCTION

To fulfill its program management responsibilities, LMDC will monitor the subrecipient's grant activities during the term of the subrecipient agreement to ensure the subrecipient has expended HUD Community Development Block Grant (CDBG) funds only for the specified purposes and has performed the terms of the subrecipient agreement. This process may include, but is not limited to, audits of relevant program records and data, site visits, progress reports, and regular communication about the project's status. The broad areas to be monitored include general compliance, procurement practices and contract execution, and financial management/audit controls.

II. SUBRECIPIENT RESPONSIBILITIES

The subrecipient is responsible for carrying out all terms of the subrecipient agreement, and for maintaining records of the program activities and making them available to the LMDC and its designees for monitoring or audit purposes. The subrecipient is obligated to appropriately manage and monitor its contractors (often referred to as subcontractors in LMDC materials).

These guidelines are provided to assist the subrecipient in monitoring its contractors. These guidelines measure compliance with work performance, equal opportunity and other workforce requirements, procurement procedures, and financial management. These forms are intended to be used in an interview or site visit. Such monitoring should be conducted at reasonable and relevant intervals (such as early in the contract and then annually or at contract completion).

More routine monitoring of project performance, workforce and expenditures could be captured in monthly status reports, invoices, workforce reports (Exhibits A-7; A-8; C-1; C-2) and other similar reports. The Subrecipient is responsible for resolving any monitoring findings (i.e., findings of non-performance or non-compliance with applicable requirements) in a timely manner. The subrecipient shall report its monitoring findings and any corrective actions in its Monthly Progress Reports (Exhibit A-5).

Lower Manhattan Development Corporation
SUBRECIPIENT MONITORING REPORT
Summary Sheet

Subcontractor: _____ Contract #: _____

Completed By: _____ Date(s): _____

Summary of Checklists Used

The following forms or checklists were used to monitor this contract on the date(s) indicated above. (Forms not used or not applicable for this contract can be indicated by NA.)

- _____ 1. General Compliance
- _____ 2. Procurement Checklist
- _____ 3. Vendor Contracts Checklist
- _____ 4. Financial Management/ Audit Controls

Summary of Exit Interview

Persons in attendance:

<u>Name</u>	<u>Title</u>	<u>Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Items discussed:

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General Compliance Checklist

Subcontractor: _____ Contract #: _____

Completed by: _____ Date(s): _____

Checklist Table of Contents

- A. Work Performance
- B. Equal Opportunity
- C. Employment
- D. Drug-Free Workplace
- E. Recordkeeping
- F. Insurance
- G. Signs

(Asterisked items can be completed prior to the monitoring):

***A. Work Performance**

<u>*1. Names of Activities (including Gen Adm):</u>	<u>Budgeted Amount</u>	<u>Expended to date</u>
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

TOTALS: \$ _____ \$ _____

Y N *2. Has the subcontractor met the contract or grant expenditure milestones?

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General Compliance Checklist

B. Equal Opportunity Compliance

- Y N 1. Does the subcontractor complete Schedule C-1 as required? If not, ask subcontractor to produce at monitoring interview. What is the date of the last submission? _____
- Y N 2. Does the subcontractor complete Schedule C-2 as required? If not, ask subcontractor to produce at monitoring interview. What is the date of the last submission? _____
- Y N 3. Does the subcontractor complete Exhibit A-7 as required? If not, ask subcontractor to produce at monitoring interview. What is the date of the last submission? _____
- Y N 4. Does the subcontractor complete Exhibit A-8 as required? If not, ask subcontractor to produce at monitoring interview. What is the date of the last submission? _____
5. What actions (e.g., outreach; processing; written policies prohibiting discrimination, segregation, or separate treatment) does the subcontractor take to ensure that CDBG activities are carried out in a manner that does not discriminate against persons on the grounds of race, color, national origin, sex, age, disability or religion?
- Y N 6. Have there been any discrimination complaints? If yes, what was the basis and how has the subcontractor resolved them?
- Y N 7. Did the subcontractor complete a Section 504 Self-Evaluation? (Section 504 refers to the Federal regulations prohibiting discrimination against the handicapped in any federally assisted program).
- Y N 8. If the self-evaluation of Section 504 compliance revealed deficiencies, did the jurisdiction take adequate steps to modify deficient policies and practices or explain why infeasible? Explain

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General Compliance Checklist

C. Employment

Y N 1. Does the subcontractor have written employment and personnel policies which cover equal opportunity provisions? If not, explain:

Y N 2. Is the subcontractor required to undertake an affirmative action program because of past compliance problems or court action? If yes, explain what actions have been taken:

Y N 3. Are there currently any lawsuits or administrative complaints pending due to alleged problems in equal employment opportunity practices? If yes, explain:

“SECTION 3” CLAUSE: (HUD Act of 1968, as amended, and as implemented by regulations set forth in 24 CFR Part 135)

Section 3 clause requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area.

Y N 4. Does Section 3 apply to the subcontractor? (*If yes, answer questions 4a-4c*):

Y N 4. a. Has the subcontractor submitted an annual Section 3 report? If no, explain:

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General Compliance Checklist

- Y N 4. b. Are the subcontractor's Section 3 records maintained? Explain:
- Y N 4. c. Has the subcontractor filled any employee vacancies in positions involved in working on CDBG activities covered by Section 3? If yes, explain what efforts the subcontractor has made to offer training and employment opportunities to Section 3 residents:

D. Drug-free Workplace Certification

- Y N 1. Has the subcontractor published and distributed a statement notifying employees that it is unlawful to:
- manufacture,
 - distribute,
 - dispense,
 - possess, or
 - use a controlled substance, and
 - detailed specific actions to be taken against employees for violations, as required by Government Code Section 8355 (b)?

If no, explain deficiencies:

- Y N 2. Has the subcontractor established a Drug Free Awareness Program to inform employees about all of the following:
- the dangers of drug abuse in the workplace;
 - the organization's policy of maintaining a drug free workplace;
 - any available counseling, rehab., and employee assistance programs;
 - penalties that may be imposed upon employees for drug abuse violations.

Explain any deficiencies:

- Y N 3. Has the subcontractor, as required by Government Code Section 8355 (c), insured that every employee who works under this contract:
- received a copy of the subcontractor's drug free policy statement; and
 - will agree to abide by the terms of the subcontractor's statement as a condition of employment under this contract.

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General Compliance Checklist

Explain any deficiencies:

E. Recordkeeping

- Y N 1. Does subcontractor have a recordkeeping system that includes all of the following:
- financial,
 - contractual,
 - environmental,
 - performance,
 - beneficiary,
 - complaint data, and
 - budget and approved amendments

Explain any deficiencies noted when monitoring:

F. Insurance

- Y N 1. Does subcontractor have documentation showing current appropriate amounts of insurance coverage (e.g., liability, property)? Explain:

G. Signs

- Y N 1. If subcontractor posted signs regarding the financing of the project, did it include the LMDC and HUD as a funding source? If not, explain why not:

- Y N 2. Is subcontractor complying with Exhibit A-3, Grantor and Grantee Recognition?

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General Compliance Checklist

If not, explain why not:

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General Compliance Checklist

H. Site Inspection:

- Y N 2. For projects still under construction, were each of the following posted on a bulletin board prominently located on the project site which can be seen easily by the workers?

_____ Wage decision?

_____ Notice to Employees?

Comments:

- Y N 3. Is the subcontractor prepared to keep all payroll records for at least four years after the final reports are submitted by the Subrecipient to the Grantee? If not, discuss:

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Procurement Checklist

Subcontractor: _____ Contract #: _____

Completed by: _____ Date(s): _____

(To be completed by the subrecipient at the time of procurement. Note that all subcontractors must be approved by the LMDC in writing).

Y N 1. Is there documentation on file of how the contractors were selected and equipment or supplies procured?

(Procurement File)

- _____ Documentation of price quotes received for items or services procured with **small purchase method**
- _____ Request for Proposals (**RFPs**) and/or Invitations for Bid (**IFBs**)
- _____ **Public notices** of RFPs or IFBs
- _____ **Mailing list** of RFP or IFB recipients
- _____ All **qualification statements, proposals and/or bids received**
- _____ RFP ratings and **documentation of selection process**
- _____ Documentation of selection for IFB, if lowest bidder not selected
- _____ **Sole source/single bid** justification and approval letters, if applicable
- _____ Cost estimates/data used to determine **cost reasonableness**
- _____ Verification of **contractor eligibility**

(Contracts File)

- _____ Signed **contracts** and all approved amendments
- _____ For all of its contractors and subcontractors, does subrecipient have documentation showing **adequate insurance coverage**

Comments:

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Private Vendor Subcontracts Checklist

Subcontractor: _____ Contract #: _____

Completed by: _____ Date(s): _____

1. Are the following clauses from the subrecipient agreement found in the subcontract(s)?

List of Required Terms

Pursuant to Section X.D.2.c. of the Subrecipient Agreement, the Subrecipient must include the following provisions in any private vendor subcontracts executed in the performance of the Agreement.

VII.A. General Compliance
VII.C. Hold Harmless
VII.D. Workers' Compensation
VII.E. Insurance and Bonding
VII.E.1 Commercial General Liability Insurance
VII.E.2 Automobile Liability and Property Damage Insurance
VII.E.3 Workers' Compensation
VII.E.4 Excess Liability Insurance
VII.E.5 Certificates of Insurance
VII.F. Grantor/Grantee Recognition
VII.H. Suspension or Termination
VIII.B.2. Records Retention
VIII.B.3. Personal Data
VIII.B.4. Disclosure
VIII.B.5. Property Records
VIII.B.6. Close-Outs
VIII.B.7 Audits and Inspections
IX. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT
X. PERSONNEL AND PARTICIPANT CONDITIONS
X.A. Civil Rights
X.A.1. Compliance
X.A.2. Nondiscrimination
X.A.3. Land Covenants
X.A.4. Section 504
X.B. Affirmative Action
X.B.1. Compliance with E.O. 11246
X.B.2. M/WBE (Schedule C)
X.B.3. Access to Records

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Private Vendor Subcontracts Checklist

X.B.4. Notifications
X.B.5. EEO/AA Statement
X.B.6. Subcontract Provisions
X.C. Employment Restrictions
X.C.1. Prohibited Activity
X.C.2. Labor Standards (Davis-Bacon Act)
X.C.3. "Section 3" Clause
X.C.3.a. Compliance
X.C.3.b. Notifications
X.C.3.c. Subcontracts
X.C.3.d. Reporting. (Quarterly reports - Exhibit A-7)
X.C.4. September 11, 2001 Recovery
X.C.4.a. Compliance
X.C.4.b. Reporting. (Quarterly reports - Exhibit A-8)
X.D.3. Hatch Act
X.D.4. Conflict of Interest
X.D.5. Lobbying
X.D.6. Copyright
X.D.7. Religious Organization
XI. ENVIRONMENTAL CONDITIONS
XI.A. Air and Water
XI.A.1 Clean Air Act, 42 U.S.C. § 7401, <i>et seq.</i> ;
XI.A.2 Federal Water Pollution Control Act;
XI.A.3 Environmental Protection Agency ("EPA") regulations pursuant to 40 CFR Part 50, as amended.
XI.B. Flood Disaster Protection
XI.C. Lead-Based Paint
XI.D. Historic Preservation
XI.E. Environmental Performance Commitments

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Financial Management / Audit Controls Checklist

Subcontractor: _____ Contract #: _____

Completed by: _____ Date(s): _____

A. CASH RECEIPTS

Y N 1. Are LMDC/HUD funded cash receipts accounted for separately by grant or activity? Explain:

Y N 2. Does the cash received reported to the subrecipient or LMDC agree with the Subcontractor's recorded cash receipts? Explain:

B. CASH DISBURSEMENTS

1. Does the Subcontractor account for HUD CDBG expenditures separately by:
a. Grant?

Y N

Y N b. Grant activity? (i.e., Rehab, Program Admin., General Admin.)
Explain:

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Financial Management / Audit Controls Checklist

Y N 2. Are the audit trails in the Subcontractor's records adequate to trace back to the source documents? Explain:

Y N 3. Does the cash disbursed reported to the subrecipient or LMDC agree with the Subcontractor's records? Explain:

4. Answer the following questions based on your review of the Subcontractor's expenditures:

Y N a. Are the expenditures being charged to the proper activities?

Y N b. Are they eligible CDBG costs?

Y N c. Are source documents maintained to support the charges?

Y N d. Are the costs budgeted?

Explain:

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Financial Management / Audit Controls Checklist

C. REPORTING THE STATUS OF CDBG FUNDS

Y N 1. Does the Subcontractor maintain records that will reconcile the accrued expenditures reported to the subrecipient or LMDC to their books of original entry? Explain:

Y N 2. If the subcontractor prepares the financial reports submitted to the Subrecipient, does the Subrecipient reconcile the reported amounts to their books of original entry? Explain:

Y N 3. Are the reports submitted within the allowable time frame? Explain:

Y N 4. Is program income used before requesting CDBG funds when applicable? Explain:

D. OTHER

Y N 1. If audits disclose any findings for the CDBG program, does the subcontractor have a procedure for resolving the findings? Explain:

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Financial Management / Audit Controls Checklist

- Y N 2. Has the subcontractor established internal controls? Explain:
- Y N 3. Does the subcontractor have an audit plan? Explain:
- Y N 4. Is the subcontractor following the audit plan? Explain:
- Y N 5. Are the audit costs charged to the CDBG program properly documented?
Explain:
- Y N 6. If the audit costs are a shared cost, is the method used to determine CDBG share
of the audit costs reasonable and properly supported? Explain: