



## U.S. Department of Housing and Urban Development

### COMMUNITY PLANNING AND DEVELOPMENT

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Special Attention of:  
All Regional Office Directors  
All Field Office Directors  
All CPD Office Directors

Notice CPD-02-11

Issued: December 19, 2002

Expires: December 19, 2003

### **Subject: Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs for FY 2003**

#### **I. Purpose**

The purpose of this Notice is to provide a consistent methodology for conducting risk analyses that can be used to establish priorities for monitoring and to ensure that Community Planning and Development's (CPD) formula and competitive grantees (includes grantees, participating jurisdictions, and other entities receiving program funding from CPD) with the highest risk are identified for monitoring within the resources made available.

#### **II. Background**

In an effort to meet HUD's goal of making HUD a more effective partner, CPD embraced the Grants Management Process (GMP) which focuses on assisting communities in understanding program requirements and identifying and solving problems, on-site monitoring of grantee's programs to ensure compliance with statutory and regulatory requirements, and emphasizing a collaborative approach to assist grantees achieve their program objectives. GMP contains the following basic elements: Consultation, Consolidated Plan Review and Assessment, Performance-Based Program Management, Review and Evaluation of the Consolidated Annual Performance and Evaluation Report, the Community Assessment and the Program Year Review Letter, and the Annual Comparative Review. This Notice replaces the Annual Comparative Review component of GMP that was limited to only formula grantees. The new risk analysis component will focus limited resources on the most vulnerable formula and competitive program areas. In addition, it provides a consistent and logical approach to selecting grantees to be monitored on-site or to receive technical assistance for both formula and competitive grantees. All other components of GMP remain in effect.

At the beginning of each fiscal year, each CPD Field Office develops a monitoring strategy and work plan that covers all CPD programs to be monitored during the fiscal year. Field offices are expected to complete the risk analysis process by the date specified in each Fiscal Year Management Plan. The purpose of this strategy is to facilitate the development of

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adequate management controls that will reduce risk to acceptable levels, and establish a framework for determining the appropriate level of monitoring, training, or technical assistance attention for each CPD grantee consistent with available resources. Risk analysis is the method that is used to establish priorities for monitoring and to determine where resources can be best utilized. The primary goal of risk analysis is to provide the information needed so that CPD can effectively target its resources to grantees that may pose the greatest risk to the integrity of CPD programs. Risk analysis can determine which grantees should be monitored on-site and remotely, the program areas to be covered, and the depth of the review. The selection process should ensure that those grantees and activities identified for monitoring represent the greatest vulnerability to fraud, waste, and mismanagement.

This Notice is intended to augment the departmental policy contained in Handbook 1840.1, Rev-3, Departmental Management Control Program, which requires the development of risk based rating systems for all programs. The major steps for implementing risk based monitoring include:

- Developing risk based rating systems for program grantees
- Developing and communicating strategies and plans for oversight of identified risks
- Identifying program risks and setting monitoring objectives
- Documenting the process and recording the rationale for choosing grantees
- Rating and selecting grantees for monitoring

The process also assists in developing individual Field Office work plans and local office strategies for each fiscal year. The work plan documents Field Office's decisions regarding where to apply staff, travel, and technical assistance resources. Through the risk analysis process, CPD is able to target attention and resources to program activities and grantees that pose the greatest risk to HUD.

### **III. Risk Analysis Participants**

Each Field Office will perform the risk analysis using the methodology described in this Notice. Both CPD managers and field staff are assigned distinct responsibilities to complete the risk analysis that are outlined further in this Notice.

### **IV. Risk Criteria**

All CPD program risk analyses are standardized and use a five factor rating system (with the exception of the CDBG Risk Analysis Worksheet which will have four factors) that is further defined by subfactors. These factors are consistent with those described in the "HUD Monitoring Desk Guide (Training Edition)". They are:

- Financial
- Physical
- Management

- Satisfaction
- Services

The following examples are illustrative of selection criteria that may be subfactors used for each risk factor.

1. Financial
  - a. Program income
  - b. Timeliness
  - c. Frequency or need for budget adjustments
  - d. Size of grant amount
  - e. Timely submissions of A-133 audits
  - f. Expenditure Provisions
2. Physical
  - a. Physical conditions of projects
  - b. Acquisition, construction and rehabilitation of assets
3. Management
  - a. Program complexity
  - b. Compliance
  - c. Program caps
  - d. Staff capacity and oversight
  - e. OIG audits
  - f. Program design
  - g. Last monitored
4. Satisfaction
  - a. Citizen complaints
  - b. Grantee responsiveness
4. Services
  - a. Meeting program objectives
  - b. Relocation
  - c. Environmental
  - d. Program progress

Final outcomes of the risk analysis process will be used to produce a work plan that provides for the identification of high risk grantees, determination of grantees to be targeted for monitoring on-site or remotely, programs and areas to be monitored, targeting areas of technical assistance and developing of a resource management plan to carry out activities.

## V. Analyzing Program Risk

### **STEP 1 – Completing Risk Analyses Worksheets**

The risk analysis process will begin with a review of each grantee against a predetermined set of criteria to determine their relative rank. This review of each grantee's programs will provide the basic knowledge needed to compare and rank each grantee. In completing this review, there are several sources of information that can be used, including data obtained from the Integrated Disbursement and Information System (IDIS), annual performance reports, prior monitoring visits, previous audits, citizen complaints, and annual performance reviews. In addition, special attention should be noted during the risk analysis process of recent audits with findings designated as significant, material weaknesses, and departmental priorities.

Evaluation tools to be used for determining risk are as follows:

- Both competitive and formula programs reviews will be based on a five factor rating system (with the exception of the CDBG Risk Analysis Worksheet which will have four factors) with subfactors and specific criteria identified for each. Rated factors such as dollar value, complexity of programs, number of programs administered and compliance issues are critical in determining those grantees defined as high risk. Points assigned will focus on an absolute numeric value that will determine high, moderate or low risk for each subfactor.
- Field Offices will review of all competitive programs, which include HBCU grants, Economic Development Initiatives (EDI), Brownsfields Economic Development Initiatives (BEDI), HOPWA competitive, Colonias program, Youthbuild, Round II Empowerment Zones, Rural Housing and Economic Development (RHED), Small Cities Competitive, Shelter Plus Care, Supportive Housing and Section 8 SRO Moderate Rehabilitation using the worksheet outlined in Attachment A-1. A worksheet is to be completed for each program administered by an individual grantee. For example, if a grantee administers HBCU and Youthbuild programs, two separate worksheets must be completed for the grantee: one for HBCU and the other for Youthbuild.
- Field Offices will also review all formula programs using a set of worksheets each specific to the four formula programs: CDBG, HOME, ESG and HOPWA. Although there are criteria that are common to each program, the use of separate worksheets by program for each grantee takes into consideration criteria specific to each formula program. Worksheets to be used are located in attachments A-2 for CDBG, A-3 for HOME, A-4 for ESG and A-5 for HOPWA.
- Each rating sheet describes:
  - Predetermined criteria to evaluate the grantee
  - Specific rating considerations

- Point assignments
- Part I of each worksheet will be completed by the Evaluator in each office. In most instances this will be a CPD Representative. The evaluator will provide an absolute numeric score for each of the subfactors under the five factors. The evaluator will then total the scores for each factor and tally the results on the last page of each grantee's worksheet. Upon completion of each worksheet, the evaluator will be responsible for entering the risk analyses scores for each grantee into GMS (or the interim Access Database system).
- Part II of each worksheet will be completed by the Management Representative(s), such as the Director, Deputy Director, Program Manager, or designated senior staff person. The Management Representative(s) will provide quality control to ensure validity and consistency through an assessment of the evaluator's ratings and comments. He/She will also determine when exceptions are appropriate and annotate such exceptions on the Composite Summary Worksheets. In instances of ties in scoring, the Management Representative(s) will have the discretion to determine rank order. To ensure appropriate security, the Management Representative(s) for each Field Office have been identified. Only the identified Management Representative(s) will have access to input the exception codes. Upon completion of the quality control process and determination of the level and types of services to be provided to grantees during the fiscal year, annotated exception reports (one report for formula grantees and one report for competitive grantees) will be automatically generated.
- Evaluators will record the risk analysis results for each grantee into GMS (or the interim Access Database system) on the Risk Analysis Summary Worksheets (Attachment B-1, B-2, B-3, B-4 & B-5).

## **STEP 2- Rating Individual Grantees**

This step involves the rating of all grantees for both competitive and formula programs. A worksheet will be completed for each grantee in accordance with the program or programs administered. For example, if a grantee received funding for all four formula programs, the four (4) program specific worksheets will be completed. For a grantee with one competitive program, one competitive worksheet will be completed for that program. If a grantee has more than one competitive program, separate competitive worksheets will be completed for each program administered by the grantee.

Further guidelines apply as follows:

- The total maximum score that a grantee can receive on any one program (formula or competitive) is 100 points.
- Grantees whose total average scoring equals 65 or higher will be designated as high

risk, scores between 31-64 result in a designation of moderate risk and scores of 30 or below result in a designation as low risk.

- After the evaluator has completed his/her review and the Management Representative(s) completes Part II, then the summary ratings will be input into the Interim Access Database System or GMS (upon completion of the risk analysis modifications).

### **STEP 3 – Determining the Relative Risk of Grantees**

During this step, grantees are ranked from highest to lowest risk. The individual summary ratings that have been input into the Interim Access Database System or GMS (upon completion of the risk analysis modifications) will be used to develop two ranking lists, one for formula grantees and one for competitive grantees. These lists will rank grantees in descending order from highest to lowest risk based on the grantee's total average scoring (See Attachment C-1 and C-2, Competitive Composite Summary Worksheet and Formula Composite Summary Worksheet). The composites scoring for each of the programs will work as follows:

#### **Formula Grantees**

- Each formula grantee will receive a rating for each program that it administers. Scores for all programs will be combined on one list that will provide summary ratings for all formula programs for each grantee.
- After scores are established, grantees will be ranked from highest to lowest risk based on total average scoring. (See Attachment C-2). Grantees whose total average scoring equals 65 or higher will be designated as high risk, scores between 31-64 result in a designation of moderate risk and scores of 30 or below result in a designation as low risk.
- High-risk grantees will be selected for monitoring in rank order. Those grantees whose total average score is 65 or higher are to be further reviewed to determine if an exception applies. The Management Representative(s) must annotate grantees that are determined to be high risk, but will not be scheduled for monitoring this Fiscal Year, as an exception on the Formula Composite Summary Worksheet (See Attachment C-2).
- In addition, any grantee whose single program score is 75 or higher must be reviewed and considered for on-site monitoring. The Management Representative(s) must annotate grantees whose single program score is 75 or higher and are not scheduled for on-site monitoring as an exception on the Formula Composite Summary Worksheet (See Attachment C-2).
- After all exceptions are determined then the appropriate Fiscal Year Management Plan national goal must be applied to determine the total number of grantees that must be monitored on-site for the fiscal year. Grantees that have a total average score of

less than 65 points may be selected for on-site monitoring in rank order. This applies only after all high risk grantees are selected for monitoring or are exempted by exceptions.

- Exception reports (one for formula grantees and one for competitive grantees) will be automatically generated in GMS that will provide the name of each annotated grantee and the basis for the exception(s).

### **Competitive Grantees**

- Competitive grantees will receive a rating for each program that they administer. Scores for all programs will be combined on one list that will provide summary ratings for all competitive programs for each grantee.
- After scores are established, grantees will be ranked from highest to lowest risk based on the total average scoring. (See Attachment C-1). Grantees whose total average scoring equals 65 or higher will be designated as high risk, scores between 31-64 result in a designation of moderate risk and scores of 30 or below result in a designation as low risk.
- High-risk grantees will be selected for monitoring in rank order. Those grantees whose total average score is 65 or higher are to be further reviewed to determine if an exception applies. The Management Representative(s) must annotate grantees that are determined to be high risk, but will not be scheduled for monitoring this Fiscal Year, as an exception on the Competitive Composite Summary Worksheet (See Attachment C-1).
- In addition, any grantee whose single program score is 75 or higher must be reviewed and considered for on-site monitoring. The Management Representative(s) must annotate grantees whose single program score is 75 or higher and are not scheduled for on-site monitoring as an exception on the Competitive Composite Summary Worksheet (See Attachment C-1).
- After all exceptions are determined then the appropriate Fiscal Year Management Plan national goal must be applied to determine the total number of grantees that must be monitored on-site for the fiscal year. Grantees that have a total average score of less than 65 points may be selected for on-site monitoring in rank order. This applies only after all high risk grantees are selected for monitoring or are exempted by exceptions.
- Exception reports (one for formula grantees and one for competitive grantees) will be automatically generated in GMS that will provide the name of each annotated grantee and the basis for the exception(s).
- If required by language in the HUD Appropriations Bill to monitor one grantee in

each of the Continuum of Care (CoC) funded in a particular year, such grantees will be extracted from the overall competitive ranking process and ranked separately. The extraction of homeless grantees from the Competitive Composite Summary worksheet would remain in effect unless otherwise directed by congressional changes.

#### **STEP 4 – Documenting the process and rationale for choosing grantees**

During FY 2003, an Interim Access database system will be used to record the results of the risk analysis process. An Access software database application has been developed and office evaluators and Management Representatives will record and document the risk analysis information into the system. This interim recording process will be utilized until software changes in the Grants Management System (GMS) have been completed. It is anticipated that upon completion of the necessary revisions to GMS, the risk analysis information recorded in the Interim Access database system will be transferred electronically.

All results of the risk analysis process are to be fully documented. Each Field Office must be able to document and justify its rankings and proposed management responses. Risk analysis measures a grantee's relative vulnerability and need for resources against those of all other grantees. Although Field Offices use risk analysis as their primary source of information, they may also identify other areas needing special emphasis during monitoring based on national program reviews and evaluations by Congress or the U.S. Office of Management and Budget. The documentation process will consist of two primary methods, which include written and automated. Documented results of the process include the following:

- Risk Analysis Worksheets
  - Competitive Program Worksheets to be used for all competitive programs, as applicable (Attachment A-1).
  - Formula Program Worksheets for the four formula programs, CDBG, HOME, HOPWA and ESG (Attachments A-2, A-3, A4 and A-5) as applicable.
  - All worksheets are to be maintained as part of the local CPD Office files. Each Office may choose to maintain worksheets either in an electronic version or hard copy in a separate work folder. CPD Headquarters Program staff will have view access to all summary risk analysis documentation prepared by the local CPD Offices through the interim Access software application or GMS.
- Grantee Risk Analysis Summary Forms (Attachment B-1, B-2, B-3, B-4 and B-5)
  - The Field Office Evaluators will record the summary worksheet results in an Access software program specifically designed for this process. It is anticipated that upon completion of the necessary revisions to GMS, the risk analysis information

recorded in the Access software program will be transferred electronically to GMS. Future fiscal year summary worksheets will be recorded directly in GMS.

- Formula Risk Composite Scores and Competitive Risk Composite Scores
  - These documents will be automated to tally results and recorded in the Interim Access Database system or GMS (Attachments C-1 & C-2).
- Exceptions will be annotated on the Composite Summary Worksheets and Exception Reports will be recorded in the Interim Access Database system or GMS (Attachments D-1 & D-2).
- Field Office work plans will be recorded in GMS.

#### **STEP 5 - Developing work plans**

As a result of assessing grantees, determining those that are high risk and program areas in need of improvement, a workplan will be developed in accordance with the guidance provided in Section 4 of the “HUD monitoring Desk Guide (Training Edition)”. This workplan will include identification of:

- Grantees considered high risk
- Grantees scheduled for monitoring, including program area(s)
- Method of monitoring (for example, on site or remote)
- Scheduled timeframes for monitoring (both on site or remote)
- Resources needed such as staff, travel and other

## Risk Analysis Summary

Step	Activity	Process	Document	Attachment Reference
1	Analyzing Program Risk (Completed by HUD Evaluators)	<p><b>Evaluate grantee using Risk Analysis Worksheet</b> All competitive grantees (One worksheet to be completed for each Competitive program administered)</p> <p>CDBG grantees HOME grantees ESG grantees HOPWA grantees</p>	<p>Competitive Risk Worksheet</p> <p>CDBG Risk Worksheet HOME Risk Worksheet ESG Risk Worksheet HOPWA Risk Worksheet</p>	<p>A-1</p> <p>A-2 A-3 A-4 A-5</p>
2	Rating Individual Grantee (Completed by HUD Evaluators)	<p><b>Rate Grantee and record on Risk Analysis Summary Forms</b> All competitive grantees (One summary sheet to be completed for each competitive program administered)</p> <p>CDBG grantees HOME grantees ESG grantees HOPWA grantees</p>	<p>Competitive Summary</p> <p>CDBG Summary HOME Summary ESG Summary HOPWA Summary</p>	<p>B-1</p> <p>B-2 B-3 B-4 B-5</p>
3	Determining the Relative Risk of Grantees (Completed by Management Representatives)	<p><b>Ranking Grantees &amp; Determining Exceptions</b> Two separate ranking lists will be developed – one for all formula programs, one for all competitive programs Determine high risk grantees based on rank. Managers will determine exceptions and annotate on the composite lists.</p>	<p>Ranking List for Formula Program &amp; Ranking List For Competitive Program Exception Reports</p>	<p>C-1 &amp; C-2</p> <p>D-1, D-2</p>
4	Recording Results (Completed by HUD Evaluators)	<p><b>Document information and Record</b> Risk Analysis Worksheets must be completed and maintained in hard copy or electronically.</p> <p>Summary Worksheets, Ranking Lists, Exception Reports and Work plans are to be maintained electronically during the interim process. Future results will be recorded in GMS.</p>	<p>All reports as annotated Above.</p>	<p>A-1, A-2, A-3, A-4, A-5 B-1, B-2, B-3. B-4, B-5, C, D-1, D-2</p>
5	Developing Work plans (Completed by Management Representatives)	<p><b>Determine workplan activities for Fiscal Year</b> Based on risk ranking, determine grantees to be monitored, method of monitoring (on-site or remote); programs/areas to be monitored; areas of technical assistance, resources needed and projected timeframes</p>	<p>Field Office Workplan</p>	<p>See Workplan in GMS</p>

**VI. Developing and communicating strategies and plans for oversight of identified risks**

Field Offices use the Grants Management System, a computer-based information system, to develop and communicate strategies and plans for oversight of identified risks. The Field Office has a substantial amount of discretion in this process. The Grants Management Process software system allows Field Offices to record the results of previous reviews and rate grantees on their performance. Field Offices should relate the results of the risk analysis directly to the recommendations described in the subsequent monitoring strategies and grantee work plans that are consistent with their Local Management Plan. The specific worksheets provide the risk analysis factors and subfactors for all formula and competitive programs.

**Attachments**

**Attachment A-1****Competitive Grants Risk Analysis Worksheet****Part I – To Be Completed By CPD Evaluator**

**Name of Grantee:** \_\_\_\_\_ **Fiscal Year Review:** \_\_\_\_\_

**Name of Program:** \_\_\_\_\_ **Total Number of Open Grants Considered:** \_\_\_\_\_  
**Total Dollar Value of all Open Grants:** \_\_\_\_\_

**Name of HUD Evaluator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Risk Criteria considerations include;

- Risk exposure to the Department
- The likelihood that a program participant has failed to comply with program requirements; or
- The participant has performed unacceptably

If a grantee has been awarded funds under more than one competitive program, a separate worksheet should be completed for each competitive program carried out by the above named grantee. (For example – A grantee has received funds under both Youthbuild and the Supportive Housing Program. Two worksheets would be completed, one for each of the programs.)

In completing this worksheet, the evaluator will provide an assessment of the grantee, utilizing five standard factors selected by the Department to determine the level of risk a grantee may pose to a HUD program. The five factors include: Financial, Physical, Management, Satisfaction and Services. Listed under each factor is a set of one or more subfactors. Each subfactor identifies a set of criteria that will define a numeric value based on risk level. You are to choose the appropriate risk level based on the definition provided and assign the numeric value that is indicated. One score should be assigned for each subfactor that best represents your assessment of the factual information available on this grantee. This score should be indicated in the Evaluator's Rating Box. The Evaluator's Comment Box must be completed when any subfactor is rated as high risk. Assessment indicators used in evaluating criteria should be available through current reporting systems or readily available information.

**FACTOR 1 - FINANCIAL**

**Factor Definition:** The extent to which a grantee accounts for and manages financial resources in accordance with approved financial management standards and the amount of potential monetary exposure to the Department.

**Rating Considerations:** The basis for the evaluator's rating under this factor is derived from information that could be obtained from, but not limited to, financial management and information systems such as IDIS, audit management systems, A-133 audits, an assessment of grantee's draw-down history (i.e. IDIS/LOOCS/PAS), the submission of required documents, timeliness standards and expenditure rates as they relate to financial management and history of financial activities, HQ reporting systems and grantee performance reports.

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The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below

<b>FACTOR 1 - FINANCIAL</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Audits.</b>				
<b>i.</b> An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out agreed upon corrective action(s) as of the date of this review.	High	5		
<b>ii.</b> An A –133 audit has been submitted to the Federal Clearinghouse for the most recently completed reporting period and the grantee is on schedule for carrying out any agreed upon corrective actions identified in current or former audits.	Moderate	3		
<b>iii.</b> A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1		
<b>iv.</b> Not applicable	None	0		
<b>B. PAS/LOCCS/IDIS.</b>				
<b>i.</b> A grantee's performance has been untimely in the expenditure of funds in accordance with program requirements; or a prior problem of this nature has not been resolved as of the date of this assessment.	High	10		
<b>ii.</b> A grantee is now performing adequately under a HUD Notice to correct an identified problem; or the matter is minor in nature and it is likely to be corrected following a HUD-request for correction.	Moderate	5		
<b>iii.</b> A grantee's performance is satisfactory, any prior problem has been corrected and there are no known financial problems as of the date of this assessment.	Low	1		
<b>C. Size of funding</b> —The total amount of unexpended balances under the program as of the date of this review:				
<b>i.</b> \$ 1,000,000 or more	High	5		
<b>ii.</b> \$ 400,000 - \$ 999,999	Moderate	3		
<b>iii.</b> \$ 399,999 or less	Low	1		
<b>D. Last CPD on-site monitoring of financial management.</b>				
<b>i.</b> A grantee's financial management has never been monitored on-site; or there is a new project that involves capital development activities (acquisition, substantial rehabilitation, or new construction) and the first year of startup has passed as of the date of this assessment.	High	5		

ii. On-site financial monitoring occurred more than three years ago.	Moderate	3		
iii. On-site financial monitoring occurred during the last three years; or this is a new award in the first year of startup	Low	1		
<b>Subtotal for Financial Assessment (Max. 25 pts.)</b>	<b>SUBTOTAL:</b>			

**FACTOR 2 - PHYSICAL**

**Factor Definition:** Extent to which HUD-funded physical assets are developed, maintained and operated according to established standards.

**Rating Considerations:** The basis of the evaluator’s rating is derived from HUD’s inspection of records and reports, observations of the grantee’s proper use of established forms and procedures, information received through public comments, A-133 or other audits, press accounts and other sources of information. The evaluator should consider any existing or previously identified problems with physical assets and the extent to which problems have been or are likely to be corrected; whether HUD funds are used for acquisition, construction or rehabilitation activities; the number of sites at which HUD-funded physical assets are located and the activities supported by the physical asset; and the extent of any previous on site monitoring.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below

<b>FACTOR 2 - PHYSICAL</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Existing or Previous Physical Assets</u></b>				
<b>i.</b> A problem that has been identified more than once in the development, maintenance or operation of a HUD-funded physical asset or with other physical site-related activity that has not been resolved as of the date of this review and the physical asset has not been monitored.	High	5		
<b>ii.</b> A problem identified for the first time, with the development, maintenance or operation of the physical asset is currently subject to corrective action pursuant to a HUD-approved schedule or plan; or the identified problem is likely to be corrected following a HUD request for corrective action.	Moderate	3		
<b>iii.</b> The development, maintenance and operation of the physical asset is satisfactory; or any previously identified problem has been corrected and no other problems with the physical asset have been identified.	Low	1		
<b>iv.</b> No HUD funds are used in the development, maintenance or operation of a physical asset; or no findings per the last monitoring.	None	0		
<b><u>B. Acquisition, Construction and Rehabilitation of Physical Assets</u></b>				
<b>i.</b> HUD funds are used for the acquisition or construction or rehabilitation of twenty-four or more units of a physical asset OR funds are used at an existing property used for business or in developing economic development opportunities.	High	5		
<b>ii.</b> HUD funds are used for the rehabilitation of twenty-four or less units of a physical asset; or are used at an existing property currently used for housing or residential programs.	Low	1		
<b>iii.</b> No HUD funds are used for the acquisition, construction or any rehabilitation of a physical asset, excluding maintenance or repairs.	None	0		

<b>C. Multiple Sites for Physical Assets</b>					
i. HUD funds are used for the development, or maintenance or operation of physical assets at more than 3 facility sites as of the date of this review.	High	5			
ii. HUD funds are used for the development, or maintenance or operation of physical assets at 1-3 facility sites or at scattered sites.	Low	1			
iii. HUD funds are used exclusively to support activities not related to the development, maintenance or operation of a physical asset such as any of the following: supportive services, tenant-based rental assistance, leasing of individual units, counseling, training, organizational capacity building, etc.	None	0			
<b>D. On-Site Monitoring of Physical Assets</b>					
i. No on-site monitoring of the physical asset(s) has occurred; or there is a new project(s) that involves acquisition, construction or rehabilitation of physical asset(s) and the first year of project start-up has passed as of the date of this assessment;	High	5			
ii. On-site monitoring of the physical asset last occurred more than 3 years ago.	Moderate	3			
iii. On-site monitoring of the physical asset has occurred during the last three years; or there is a new project(s) involving acquisition, or new construction or substantial rehabilitation and is in the first year of start-up.	Low	1			
iv. The project does not involve the development, maintenance or operation of a physical asset.	None	0			
<b>Subtotal for Physical Assessment (Max. 20 pts. )</b>		<b>SUBTOTAL:</b>			

**FACTOR 3 - Management:**

**Factor Definition:** Extent to which the program participant has the capacity to carry out HUD programs according to established requirements

**Rating Considerations:** The basis for the evaluator’s rating under this factor is derived from information that could be obtained from, but not limited to, consideration of the knowledge, skills and ability of program staff and the grantee’s administrative capacity to manage the grant, including: the eligibility of activities and recipients; or problems such as the lack of progress in implementing a project; rapid staff and/or board turnover; major changes in the agency’s mission or direction; lack of experience with Federal grants or project activities; the frequency and level of technical assistance required by the grantee before and during project. Additionally OIG audits and related reporting system may be considered.

The evaluator should award point values to subfactors A through B. Choose only one risk score for each subfactor from the point values listed below.

<b>Factor 3 - MANAGEMENT</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator’s Rating</b>	<b>Evaluator’s Comments</b>
<b>A. OIG Audit</b>				
i. An OIG Audit is currently underway and a final report has not been issued. OR a	High	5		

previous OIG Audit identified one or more recommendations that have not been cleared and the grantee is not on schedule for carrying out such recommendations as of the date of this review.				
ii. A previous OIG audit identified one or more recommendations that have not been cleared and the grantee is on schedule for carrying out such recommendations as of the date of this review.	Moderate	3		
iii. An OIG audit is not scheduled or currently underway and any findings from previous audits have been cleared as of the date of this review.	Low	1		
<b>B. Staff Capacity</b>				
i. One or more key vacancies currently exists and have existed for staff responsible for administration of the program for more than six months, OR grantee's past performance resulted in violations of regulations or monitoring findings related to this competitive program that the grantee has failed to resolve within the last six months OR staff hired within the most recently completed program year or prior years has not received training for this type of competitive program.	High	10		
ii. One or more key vacancies currently exists or have existed for staff responsible for administration of the program for more than three and less than six months, OR the grantee's performance for resolving existing violations of regulations or monitoring findings related to this competitive program is on schedule for carrying out corrective actions.	Moderate	5		
iii. There has been no change in staff who are responsible for the administration of the competitive program reviewed during the most recently completed program year and there are no known problems or open findings as of the date of this review related to this competitive program.	Low	1		
<b>Subtotal for Management Assessment (Max. 15 pts.)</b>	<b>SUBTOTAL:</b>			

**FACTOR 4 - SATISFACTION**

**Factor Definition:** Extent to which clients or beneficiaries express satisfaction or dissatisfaction with the delivery of program services.

**Rating Considerations:** The basis for the evaluator's rating under this factor is derived from correspondence or other communication to HUD, the grantee or other parties with respect to the program; and any written or other responses by the grantee. Consider any recent problems, such as citizen complaints and the grantee/project sponsor 's response/ failure to submit reports or respond to inquiries, and the loss of community support. For Homeless or HOPWA grantees also

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consider, the use of case management in intake procedures and in providing on-going support, client surveys, resident advisory councils and other means of achieving appropriate support from stakeholders.

The evaluator should award point values to subfactors A through B. Choose only one risk score for each subfactor from the point values listed below.

<b><u>FACTOR 4 - SATISFACTION</u></b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Citizen Complaints</u></b>				
<b>i.</b> Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc., and when considering the grantee's response resulted in violations of regulations or findings related to this competitive program that have remained open for more than six months.	High	5		
<b>ii.</b> Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc. and considering the grantee's response have not been found to be violations of regulations related to this competitive program but are concerns that could lead to possible future violations if not addressed by grantee.	Moderate	3		
<b>iii.</b> No valid complaints have been received during the last twelve-month period and there are no known problems related to this competitive program regarding the grantee.	Low	1		
<b><u>B. Responsiveness</u></b>				
<b>i.</b> Grantee has consistently failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the past two years.	High	5		
<b>ii.</b> Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the most recently completed program year.	Moderate	3		
<b>iii.</b> Grantee has responded to letters of complaint forwarded through HUD within prescribed timeframes.	Low	1		
<b>iv.</b> Not applicable	None	0		
<b>Subtotal for Client Satisfaction Assessment (Max. 10 pts.)</b>	<b>SUBTOTAL:</b>			

#### **FACTOR 5 - SERVICES**

**Factor Definition:** Extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

**Rating Consideration:** The evaluator should consider the planned program support provided by the grantee and whether it is appropriately being carried out to address the intended range of economic development or housing needs and related supportive services issues, including any specialized efforts for sub-populations (e.g., homeless clients, persons with HIV/AIDS, disadvantaged youth, etc.). Consider also any difficulty in serving the proposed number of program participants and for homeless programs, any difficulty in moving homeless clients to permanent housing. The evaluator for this factor is derived from

information that could be obtained from but not limited to; Consolidated Plans, Annual Performance Plans, CAPERS, correspondence, release of funds requests, local, HQ or grantee generated automated reports or spreadsheets.

The evaluator should award point values to subfactors A through B. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 5 - SERVICES</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Score</b>	<b>Evaluator's Comments</b>
<b>A. Addressing Recipient Needs</b>				
<b>i.</b> Proposed activities to be carried out by grantee or subrecipients have not been on schedule during the most recently completed program year; or activities that are being carried out do not address the intended needs of the beneficiaries, sub-populations or service areas covered by this competitive program.	High	10		
<b>ii.</b> Proposed activities to be carried out by grantee or subrecipients are not on schedule and the grantee has submitted a revised timetable that will meet the intended needs of the beneficiaries, sub-populations or service areas covered by this competitive program.	Moderate	5		
<b>iii.</b> Proposed activities to be carried out by grantee or subrecipients are being carried out with no known problems, are on schedule and address the intended needs of the beneficiaries, sub-populations or service areas covered by this competitive program.	Low	1		

<b>B. Multiple Programs</b>				
<b>i.</b> A grantee carries out more than one program, some of which serves the same clientele (e.g., SHP and HOWPA, Youthbuild and RHED) and receives funding from more than 2 entities for those activities (e.g., HUD, HHS, State, City, etc.).	High	10		
<b>ii.</b> A grantee carries out only one program that addresses an identified need and receives funding for that activity from 1-2 entities.	Low	1		
<b>iii.</b> Not applicable	None	0		
<b>C. Relocation</b>				
<b>i.</b> The grantee has carried out activities under this competitive program that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of 25 or more units due to acquisition, demolition or conversion of property or the permanent displacement of one or more businesses, non-profit organizations, farms during the most recently completed program year.	High	5		
<b>ii.</b> The grantee has carried out activities under this competitive program that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of less than 25 units during the most recently completed program year.	Moderate	3		
<b>iii.</b> The grantee has carried out activities under this competitive program that involved the acquisition of vacant land only during the most recently completed program year OR did not carry out activities that included displacement during the most recently completed program year.	Low	1		
<b>D. Environmental</b>				
<b>i.</b> Grantee carries out Competitive program activities that involve new construction or substantial rehab of either 100 or more housing units or 100,000 sq. ft. or more of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58; OR activities involving project site(s) that are in locations involving multiple environmental issues as listed in 24 CFR Parts 58.4, 58.5, and 58.6 during the most recently completed program year.	High	5		
<b>ii.</b> Grantee carries out Competitive program that involve new construction or substantial rehabilitation of project sites involving 25 – 99 housing units or 10,000 – 99,999 sq. ft. of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58 during the most recently completed program year.	Moderate	3		
<b>iii.</b> Grantee carries out Competitive program activities that involve service programs or rehabilitation of projects involving less than 25 housing units or less than 10,000	Low	1		

sq. ft. of floor space, or less than 5 percent of all projects requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58.				
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**Overall Risk Assessment – Total Score**

<b>FACTOR</b>	<b>Maximum Score</b>	<b>Points Assigned</b>
1. Financial	25	
2. Physical	20	
3. Management	15	
4. Satisfaction	10	
5. Services	30	
<b>Total</b>	<b>100</b>	

**Part II To be completed by Management Representative(s):**

Subtotal from Part I Risk Assessment	
Adjustment by Exception (note type, A, B, C, X)	

**Exceptions:**

- A. The Office of Inspector General is currently auditing the grant program or project site.
- B. The CPD Director determines that on-site monitoring of this program or project site is administratively infeasible in the current year, given other monitoring actions. HUD will use remote monitoring actions, and/or make use of technical assistance support, as needed, to mitigate potential problems or already has the grantee working on a schedule for needed corrective actions. Future on-site monitoring will give priority considerations if issues continue or extenuating circumstances or new information increases risk of this grantee.
- C. In the determination of the CPD Director, on site monitoring of this program is not administratively cost-effective for HUD in the current year, given other monitoring actions.
- X. Other (explain)

CPD Management Representative(s) \_\_\_\_\_ Date: \_\_\_\_\_

## Attachment A-2

**CDBG Program  
Formula Risk Analysis Worksheet**

**Part I – To Be Completed By CPD Evaluator**

**Name of Grantee:** \_\_\_\_\_ **Fiscal Year Review:** \_\_\_\_\_

**Name of HUD Evaluator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Risk Criteria considerations include;

- Risk exposure to the Department
- The likelihood that a program participant has failed to comply with program requirements; or
- The participant has performed unacceptably

In completing this worksheet, the evaluator will provide an assessment of the grantee, utilizing four of the five standard factors selected by the Department to determine the level of risk a grantee may pose to a HUD program. These factors include: Financial, Management, Satisfaction and Services. Listed under each factor is a set of one or more subfactors. Each subfactor identifies a set of criteria that will define a numeric value based on risk level. You are to choose the appropriate risk level based on the definition provided and assign the numeric value that is indicated. One score should be assigned for each subfactor that best represents your assessment of the factual information available on this grantee. This score should be indicated in the Evaluator's Rating Box. The Evaluator's Comment Box must be completed when any subfactor is rated as high risk. Assessment indicators used in evaluating criteria should be available through current reporting systems or readily available information.

**FACTOR I - FINANCIAL:**

**Factor Definition:** Extent to which grantee accounts for and manages financial resources in accordance with approved financial management standards and the amount of potential monetary exposure to the Department.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained from but not limited to, financial management and information system such as; IDIS, audit management systems, A-133 audits, assessment of grantee's drawdown history, grantee's financial records, timeliness standards and expenditure rates as they relate to financial management and history of financial activities, HQ reporting systems and grantee performance reports.

The evaluator should award point values to subfactors A through E. Choose only one risk score for each subfactor from the point values listed below.

FACTOR 1 - FINANCIAL	Factor Definition	Factor Score	Evaluator's Rating	Evaluator's Comments
<b>A. Grant Amount</b>				
i. The community's grant amount for the most recently completed program year falls within the top quartile of all CDBG funded communities within the Office's jurisdiction for the same program year.	High	5		
ii. The community's grant amount for the most recently completed program year falls within the second quartile of all CDBG grants awarded within the Office's jurisdiction within the same program year.	Moderate	3		
iii. The community's grant amount for the most recently completed program year falls within the third or fourth quartile of all CDBG grants awarded within the Office's jurisdiction for the same program year.	Low	1		
<b>B. Timeliness</b>				
i. <b>If evaluating an entitlement grantee</b> —The grantee is currently untimely as the amount of CDBG funds available to the grantee 60 days prior to the end of the program year is more than 1.5 the grant amount for the current program year. <b>If evaluating a State grantee</b> - At the current rate of expenditure for the past 12 months is less than 1.0 and under the current rate of expenditure the State will have a ratio of greater than 2.5 sixty days prior to the start of the program year or the State has not distributed and announced 100% of its State CDBG grant excluding State Administration and 1% TA within 15 months of the date of its last grant award.	High	10		
ii. <b>If evaluating an entitlement grantee</b> - Sixty days prior to the end of the entitlement grantee's current program year, the amount of CDBG grant funds available to the community but undisbursed will be more than 1.5 times the grant amount for its current program year. <b>If evaluating a State grantee</b> — The rate of expenditure for the past 12 months is less than 1.0 and under the current rate of expenditure the State will have a ratio of more than 2.0 and less than 2.5 sixty days prior to the start of the program year.	Moderate	5		
iii. <b>If evaluating an entitlement grantee</b> - Sixty days prior to the end of the entitlement grantee's current program year, the grantee will be at 1.5 times or less the entitlement grant amount for its current program year. <b>If evaluating a State grantee</b> — The rate of expenditure for the past 12 months is more than 1.0 or under the current rate of expenditure the State will have a ratio of less than 2.0 sixty days prior to the start of the program year AND the State has distributed 100% of its State CDBG grant excluding 1% TA and State Administration	Low	1		

within 12 months of the date of its last grant award.				
<b>C. Program Income</b>				
<b>i.</b> The grantee or its sub-recipients received program income over \$100,000 per year directly generated from the use of CDBG funds during the most recently completed program year.	High	5		
<b>ii.</b> The grantee or its sub-recipients received program income of \$25,000 - \$100,000 OR the grantee administered a Revolving Loan Fund during the most recently completed program year.	Moderate	3		
<b>iii.</b> The grantee or its sub-recipients did not receive program income directly generated from the use of CDBG funds which amounts to \$25,000 or more during the most recently completed program year.	Low	1		
<b>D. Audits</b>				
<b>i.</b> An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out any agreed upon corrective action(s) as of the date of this review.	High	5		
<b>ii.</b> An A –133 audit has been submitted to the Federal Clearinghouse for the most recently completed reporting period and the grantee is on schedule for carrying out any agreed upon corrective actions identified in current or former audits.	Moderate	3		
<b>iii.</b> A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1		

<b>E. Section 108 Activity</b>				
<b>i.</b> Grantee has a 108 portfolio whose total unpaid balance of debt obligations guaranteed exceeds three or more times the amount of the most recent grant made to the grantee OR has 108 activities that have defaulted during the most recently completed program year OR the grantee has had no previous experience with Section 108 loans and has undertaken activity during the most recently completed program year OR 50% or more of its portfolio consists of loans that are made to inherently risky borrowers such as start-ups.	High	5		
<b>ii.</b> Grantee has a 108 portfolio whose total unpaid balance of debt obligations guaranteed does not exceeds three times the amount of the most recent grant made to the grantee AND does not have 108 activities that have defaulted during the most recently completed program year AND the grantee has previous experience with Section 108 loans and has undertaken activity during the most recently completed program year AND less than 50% of its portfolio consists of loans that are made to inherently risky borrowers such as start-ups.	Moderate	3		
<b>iii.</b> The grantee does not have an active Section 108 portfolio.	Low	1		
<b>Subtotal for Financial Assessment (Max. 30 Pts.)</b>		<b>Subtotal</b>		

**FACTOR 2 - MANAGEMENT**

**Factor Definition:** Extent to which the program participant has the capacity to carry out HUD programs according to established requirements.

**Rating Considerations:** The basis for the evaluator’s rating in this factor is derived from information that could be obtained from but not limited to; consideration of the knowledge, skills and ability of program staff and the grantee’s administrative capacity to manage the grant, including: eligibility of activities and recipients; or problems such as; lack of progress in implementing activities, change in staff during the last year, lack of experience with Federal grants or project activities, frequency and level of technical assistance required by the grantee to carry out activities. Additionally, OIG audits and related reporting systems can be considered, including but not limited to; Con Plans, CAPERS, Technical Assistance Plans, IDIS, and other reporting mechanisms.

The evaluator should award point values to subfactors A through F. Choose only one risk score for each subfactor from the point values listed below.

<b><u>FACTOR 2 - MANAGEMENT</u></b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Program Complexity</u></b>				
<b>i.</b> Grantee undertakes activities beyond those described in 570.201 and 570.202 and utilizes CBDOs and/or subrecipients to assist in carrying out such activities	High	5		
<b>ii.</b> Grantee undertakes activities beyond those described in 570.201 and 570.202 and does not utilize CBDOs and/or subrecipients to assist in carrying out such activities.	Moderate	3		
<b>iii.</b> Grantee carries out basic eligible activities as defined by 570.201 and 570.202	Low	1		
<b><u>B. Timely and Accurate Submissions</u></b>				
<b>i.</b> One <i>and/</i> or more of grantee's required submissions are incomplete and are received 30 days or more after prescribed timeframes. This includes: Consolidated Plans, Annual Actions Plans and CAPERS during the last twelve-month period.	High	5		
<b>ii.</b> At least one of the submissions listed in (i) above is not received within the prescribed timeframe during the last twelve-month period.	Moderate	3		
<b>iii.</b> All grantee's required submission are completed and received by the Field Office within required timeframes during the last twelve-month period.	Low	1		
<b><u>C. Program Administration CAP</u></b>				
<b>i.</b> The grantee has exceeded the administration CAP for the CDBG program for the most recently completed program year.	High	5		
<b>ii.</b> Based on current information available, it is projected that the grantee will exceed the administrative cap for the CDBG program for the current program year.	Moderate	3		
<b>iii.</b> The grantee has not exceeded the administration CAP during the most recently completed program year and it is projected that the CAP will not be exceeded during the current program year.	Low	1		
<b><u>D. Staff Capacity</u></b>				
<b>i.</b> Within the last twelve-month period, the current staff has demonstrated an inability to administer the program as evidenced through one or more substantial violations of regulations or deficiencies while carrying out activities. OR one or more vacancies have existed for key staff responsible for administration of the CDBG program for more than six months.	High	5		
<b>ii.</b> One or more key vacancies currently exists or have existed for staff responsible for administration of the CDBG program for more than three and less than six months.	Moderate	3		

OR key staff hired within the past program year have not received formal CDBG training.				
iii. No vacancies for key staff have existed for more than three months AND key staff hired within the last year has received formal CDBG training.	Low	1		

<b>E. OIG Audit</b>				
i. An OIG Audit is currently underway and a final report has not been issued. OR a previous OIG Audit identified one or more recommendations that have not been cleared and the grantee is not on schedule for carrying out such recommendations as of the date of this review.	High	5		
ii. A previous OIG audit identified one or more recommendations that have not been cleared and the grantee is on schedule for carrying out such recommendations as of the date of this review.	Moderate	3		
iii. An OIG audit is not scheduled or currently underway and any findings from previous audits have been cleared as of the date of this review.	Low	1		
<b>E. On Site Monitoring</b>				
i. HUD has not conducted an on-site monitoring of the CDBG program for this grantee within the last <b>two</b> years.	High	10		
ii. HUD has conducted an on-site monitoring of the CDBG program within the last two years and one or more findings remain unresolved.	Moderate	5		
iii. HUD has conducted an on-site monitoring of the CDBG program within the last two years and any findings have been resolved.	Low	1		
iv. Not applicable	None	0		
<b>Subtotal for Management Assessment (Max. 35 Pts.)</b>	<b>SUBTOTAL:</b>			

### **FACTOR 3 - SATISFACTION**

**Factor Definition:** Extent to which clients express satisfaction or dissatisfaction with the delivery of program services.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained but not limited to; client or citizen-originated correspondence, grantee responses, FOIA, Congressional inquiries, citizen complaints, press information, loss of community support, failure to reply or submit reports, Consolidated Plans, Annual Performance Plans, CAPERS, and automated tracking systems.

The evaluator should award a point value to subfactors A through B. Choose only one risk score for this subfactor from the point values listed below.

<b><u>FACTOR 3 – SATISFACTION</u></b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Citizen Complaints</u></b>				
<b>i.</b>	Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc., and when considering the grantee's response that may result in a finding based on a statutory or regulatory violation.	High	5	
<b>ii.</b>	Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc. and considering the grantee's response that may result in a concern that could lead to a possible future statutory or regulatory violation.	Moderate	3	
<b>iii.</b>	No citizen complaints have been received during the most recently completed program year that may result in a finding or concern.	Low	1	
<b><u>B. Responsiveness</u></b>				
<b>i.</b>	Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the preceding program year.	High	2	
<b>ii.</b>	Grantee has responded to letters of complaint forwarded through HUD within prescribed timeframes.	Low	1	
<b>iii.</b>	Not applicable	None	0	
<b>Subtotal for Satisfaction Assessment (Max. 7 pts.)</b>		<b>SUBTOTAL:</b>		

#### **FACTOR 4 - SERVICES**

**Factor Definition:** Extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained but not limited to; Consolidated Plans, Annual Performance Plans, CAPERS, correspondence, release of funds requests, local, HQ or grantee generated automated reports or spreadsheets, IDIS. The evaluator should consider the grantee's overall effectiveness in carrying out program activities and delivery to target population.

The evaluator should award point values to subfactors A through E. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 4 - SERVICES</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Meeting National Objectives</b>				
i. Sanctions have been placed on grantee for noncompliance of national objectives during the preceding program year.	High	10		
ii. Activities carried out by grantee during the preceding program year are in compliance with national objectives requirements.	Low	1		
<b>B. Public Service CAP</b>				
i. Grantee exceeded the public service CAP for the most recently completed program year.	High	5		
ii. Based on information available, it is projected that the grantee will exceed the public service CAP for the current program year.	Moderate	3		
iii. Grantee has not exceeded the public service CAP during the most recently completed program year and it is projected that the CAP will not be exceeded during the current program year.	Low	1		
<b>C. Allocation of Resources</b>				
i. Over 25% of the high priority needs addressed in the most recent Consolidated Plan are not supported by sufficient resources.	High	3		
ii. <b>At least one but less than 25%</b> of the high priority needs addressed in the most recent Consolidated Plan are not supported by sufficient resources.	Moderate	2		
iii. The grantee has allocated resources to support the high priority needs addressed in the most recent Consolidated Plan.	Low	1		

<b>D. Relocation</b>				
<b>i.</b> The grantee has carried out CDBG activities that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of 25 or more units due to acquisition, demolition or conversion of property or the permanent displacement of one or more businesses, non-profit organizations, farms during the most recently completed program year.	High	5		
<b>ii.</b> The grantee has carried out CDBG activities that involved the temporary or permanent displacement of low or moderate-income tenant/homeowner occupied properties of less than 25 units during the most recently completed program year.	Moderate	3		
<b>iii.</b> The grantee has carried out CDBG activities that involved the acquisition of vacant land only during the most recently completed program year OR did not carry out activities that included displacement during the most recently completed program year.	Low	1		
<b>E. Environmental</b>				
<b>i.</b> Grantee carries out CDBG activities that involve new construction or substantial rehab of either 100 or more housing units or 100,000 sq. ft. or more of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58; OR activities involving project site(s) that are in locations involving multiple environmental issues as listed in 24 CFR Parts 58.4, 58.5, and 58.6 during the most recently completed program year.	High	5		
<b>ii.</b> Grantee carries out CDBG activities that involve new construction or substantial rehabilitation of project sites involving 25 – 99 housing units or 10,000 – 99,999 sq. ft. of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58 during the most recently completed program year.	Moderate	3		
<b>iii.</b> Grantee carries out CDBG activities that involve service programs or rehabilitation of projects involving less than 25 housing units or less than 10,000 sq. ft. of floor space, or less than 5 percent of all projects requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58.	Low	1		
<b>Subtotal for Services Assessment (Max. 28 pts.)</b>		<b>SUBTOTAL:</b>		

**Overall Risk Assessment - Total Score**

<b>FACTOR</b>	<b>MAXIMUM</b>	<b>SCORE</b>
1. Financial	30	
2. Management	35	
3. Satisfaction	7	
4. Services	28	
<b>Total</b>	<b>100</b>	

**Part II To be completed by CPD Management Representative(s):**

Subtotal from Part I Risk Assessment	
Adjustment by Exception (note type, A, B, C, X)	

**Exceptions:**

- A. The Office of Inspector General is currently auditing the grant program or project site.
- B. The CPD Director determines that on-site monitoring of this program or project site is administratively infeasible in the current year, given other monitoring actions. HUD will use remote monitoring actions, and/or make use of technical assistance support, as needed, to mitigate potential problems or already has the grantee working on a schedule for needed corrective actions. Future on-site monitoring will give priority considerations if issues continue or extenuating circumstances or new information increases risk of this grantee.
- C. In the determination of the CPD Director, on site monitoring of this program is not administratively cost-effective for HUD in the current year, given other monitoring actions.
- X. Other (explain)

CPD Management Representative(s):

\_\_\_\_\_

Date:

\_\_\_\_\_

**Attachment A-3**

**HOME Program  
Formula Risk Analysis Worksheet**

**Part I – To Be Completed By CPD Evaluator**

**Name of Grantee:** \_\_\_\_\_ **Fiscal Year Review:** \_\_\_\_\_

**Name of HUD Evaluator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Risk Criteria considerations include;

- Risk exposure to the Department
- The likelihood that a program participant has failed to comply with program requirements; or
- The participant has performed unacceptably

In completing this worksheet, the evaluator will provide an assessment of the grantee, utilizing five standard factors selected by the Department to determine the level of risk a grantee may pose to a HUD program. The five factors include: Financial, Physical, Management, Satisfaction and Services. Listed under each factor is a set of one or more subfactors. Each subfactor identifies a set of criteria that will define a numeric value based on risk level. You are to choose the appropriate risk level based on the definition provided and assign the numeric value that is indicated. One score should be assigned for each subfactor that best represents your assessment of the factual information available on this grantee. This score should be indicated in the Evaluator's Rating Box. The evaluator's comment box must be completed when any subfactor is rated as high risk. In instances where a lesser rating is assigned for any subfactor, the evaluator may use the comment box to support his/her decision. Assessment indicators used in evaluating criteria should be available through current reporting systems or readily available information.

**FACTOR 1 - FINANCIAL**

**Factor Definition:** Extent to which grantee accounts for and manages financial resources in accordance with approved financial management standards and the amount of potential monetary exposure to the Department.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained from but not limited to, financial management and information system such as; IDIS, audit management systems, A-133 audits, assessment of grantee's drawdown history, grantee's financial records, timeliness standards and expenditure rates as they relate to financial management and history of financial activities, HQ reporting systems and grantee performance reports.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 1 - FINANCIAL</b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Grant Amount</b>				
i. The Participating Jurisdiction's (PJ) grant amount for the most recently completed program year falls within the top quartile of all HOME funded communities within the Office's jurisdiction for the same program year.	High	5		
ii. The PJ's grant amount for the most recently completed program year falls within the second quartile of all HOME grants awarded within the Office's jurisdiction within the same program year.	Moderate	3		
iii. The PJ's grant amount for the most recently completed program year falls within the third or fourth quartile of all HOME grants awarded within the Office's jurisdiction for the same program year.	Low	1		
<b>B. Commitments, CHDO Reservations, and Expenditures</b>				
i. The PJ had funds deobligated within the last 3 years for failure to meet commitment, CHDO reservation or expenditure requirements.	High	5		
ii. The PR 27 (IDIS report) indicates that the PJ will not meet the deadline requirements for commitments or CHDO reservations for the most current reporting period.	Moderate	3		
iii. Based on the PR 27 the PJ is on track for meeting the commitment expenditures and CHDO reservations requirements in the past 3 years.	Low	1		
<b>C. Program Income</b>				
i. The PR 27 indicates that the PJ is not receipting program income.	High	3		
ii. The PR 27 indicates that program income is not expended before grants funds.	Moderate	2		
iii. Based on the PR 27, the PJ is receipting and expending program income prior to expending grant funds.	Low	1		
<b>D. Audits</b>				
i. An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out agreed upon corrective action(s) as of the date of this review.	High	5		
ii. An A-133 audit has been submitted to the Federal Clearinghouse for the most recently completed reporting period and the grantee is on schedule for carrying out any	Moderate	3		

agreed upon corrective actions identified in former audits.				
iii. A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1		
<b>Subtotal for Financial Assessment (Max. 18 pts.)</b>		<b>SUBTOTAL:</b>		

### **FACTOR 2 – PHYSICAL**

**Factor Definition:** Extent to which HUD-funded physical assets are developed, maintained and operated according to established standards.

**Rating Considerations:** HOME funds are used almost exclusively for physical activity (rehabilitation, new construction). Consequently, the evaluator needs to assess the quality of physical development activities undertaken with HOME funds.

The evaluator should award a point value to subfactor A. Choose only one risk score for this subfactor from the point values listed below.

<b><u>FACTOR 2 – PHYSICAL</u></b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Physical Condition of Projects</u></b>				
i. HUD has not conducted physical inspections of any HOME units in the past 5 years OR Previous monitoring (on-site or remote) identified findings concerning the physical condition of HOME properties which have not been resolved as of this date OR HOME projects did not meet applicable standards at completion or are not maintained in standard and habitable conditions for the last two most recently completed program years which was determined by such means as; the CAPER review, drive-by inspections, citizens correspondence.	High	12		
ii. HUD has not conducted physical inspections of any HOME units in the past 3 years OR HOME projects did not meet applicable standards at completion or are not maintained in standard and habitable conditions for the most recently completed program year which was determined by such means as; the CAPER review, drive-by inspections, citizens correspondence.	Moderate	7		
iii. Physical inspections during the last twelve months by HUD, CAPER review, drive-by inspections or citizens correspondence indicate that HOME projects are meeting applicable standards at completion and are maintained in standard and habitable condition as of the date of this review.	Low	1		
<b>Subtotal for Physical Assessment (Max. 12 pts)</b>		<b>SUBTOTAL:</b>		

**FACTOR 3 - MANAGEMENT**

**Factor Definition:** Extent to which the program participant has the capacity to carry out HUD programs according to established requirements

**Rating Considerations:** The basis for the evaluator's rating in this factor is derived from information that could be obtained from but not limited to; consideration of the knowledge, skills and ability of program staff and the grantee's administrative capacity to manage the grant, including: eligibility of activities and recipients; or problems such as; lack of progress in implementing activities, change in staff during the last year, lack of experience with Federal grants or project activities, frequency and level of technical assistance required by the grantee to carry out activities. Additionally, OIG audits and related reporting systems can be considered, including but not limited to; Con Plans, CAPERS, Technical Assistance Plans, IDIS, and other reporting mechanisms.

The evaluator should award point values to subfactors A through I. Choose only one risk score for each subfactor from the risk score column listed below.

<b>FACTOR 3 - MANAGEMENT</b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>Program Complexity – The following elements contribute to the overall complexity of the administration of the HOME program by the PJ.</b>				
<b>A. Multiple Funding Sources</b>				
i. There are large (25 or more units) rental projects or other projects with two or more funding sources.	High	3		
ii. Not applicable	None	0		
<b>B. Program Design</b>				
i. PJ is administering more than three HOME-funded programs OR since the HOME program was last monitored on-site, the PJ has undertaken new activities or made changes to an existing program.	High	3		
ii. Not applicable	None	0		
<b>C. CHDO activities</b>				
i. CHDO activities are not progressing from reservations to commitment, from commitments to disbursement or CHDOS are responsible for carrying out activities that are complex (i.e., funding from more than one source, more than 25 units, or new project types) in nature.	High	3		
ii. Not Applicable	None	0		
<b>D. Program Delegations</b>				

i. Program functions are being delegated to and carried out by other entities such as; state recipients, contractors, lenders, and/or real estate professionals.	High	3		
ii. Not applicable	None	0		
<b>E. Affordability Requirements</b>				
i. More than one project in the most recently completed program year has not complied with affordability requirements.	High	3		
ii. Not applicable	None	0		
<b>E. Staff Capacity</b>				
i. One or more key vacancies currently exists and have existed for staff responsible for administration of the HOME program for more than six months, OR grantee's past performance resulted in violations of HOME regulations or monitoring findings that the PJ has failed to resolve within the last six months OR staff hired within the most recently completed program year or prior years has not received HOME training.	High	10		
ii. One or more key vacancies currently exists or have existed for staff responsible for administration of the HOME program for more than three and less than six months, OR the PJ performance for resolving existing HOME violations of regulations or monitoring findings is on schedule for carrying out corrective actions.	Moderate	7		
iii. There has been no change in staff that is responsible for the administration of the HOME program during the most recently completed program year and there are no known HOME problems or open findings as of the date of this review.	Low	1		

<b>G. Subrecipient/State Recipient Capacity and Oversight</b>				
<b>i.</b> Available information (e.g., internal PJ monitoring reports, monitoring plans, audits, citizen correspondence, previous HUD monitoring audits, etc.) indicate that PJ has not carried out oversight responsibilities in regards to subrecipients/state recipients or has reviewed performance of subrecipients/state recipients within the last 2 years.	High	8		
<b>ii.</b> Available information (as listed in i. above) indicates that subrecipient/state recipient staff lack housing experience OR they have not received HOME training.	Moderate	4		
<b>iii.</b> Available information (as listed in i. above) indicates that PJ is overseeing the operations of subrecipients/state recipients and that training is provided when necessary, OR PJ does not rely on subrecipients/state recipients to administer its program.	Low	1		
<b>H. OIG Audit</b>				
<b>i.</b> An OIG Audit is currently underway and a final report has not been issued OR a previous OIG Audit identified one or more recommendations that have not been cleared and the grantee is not on schedule for carrying out such recommendations as of the date of this review.	High	2		
<b>ii.</b> A previous OIG audit identified one or more recommendations that have not been cleared and the grantee is on schedule for carrying out such recommendations as of the date of this review.	Moderate	1		
<b>iii.</b> An OIG audit is not scheduled or currently underway and any findings from previous audits have been cleared as of the date of this review.	None	0		
<b>I. On Site Monitoring</b>				
<b>i.</b> HUD has not conducted an on-site monitoring of the HOME program for this PJ within the last three years.	High	5		
<b>ii.</b> HUD has conducted an on-site monitoring of the HOME program within the last two years and one or more findings remain unresolved.	Moderate	3		
<b>iii.</b> HUD has conducted an on-site monitoring of the HOME program within the last two years and any findings have been resolved.	Low	1		
<b>iv.</b> Not applicable	None	0		
<b>Subtotal for Management Assessment (Max. 40 Pts.)</b>			<b>SUBTOTAL:</b>	

**FACTOR 4 - SATISFACTION**

**Factor Definition:** Extent to which clients express satisfaction or dissatisfaction with the delivery of program services.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained but not limited to; client or citizen-originated correspondence, grantee responses, FOIA, Congressional inquiries, citizen complaints, press information, loss of community support, failure to reply or submit reports, Consolidated Plans, Annual Performance Plans, CAPERS, and automated tracking systems.

The evaluator should award point values to subfactors A through B. Choose only one risk score for each subfactor from the risk score column listed below.

<b>FACTOR 4 - SATISFACTION</b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Citizen Complaints</b>				
<b>i.</b> Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc., and when considering the PJ's response resulted in violations of HOME regulations or findings that have remained open for more than six months.	High	5		
<b>ii.</b> Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc. and considering the PJ's response have not been found to be violations of HOME regulations but are concerns that could lead to possible future violations if not addressed by grantee.	Moderate	3		
<b>iii.</b> No valid complaints have been received during the last twelve-month period and there are no known HOME problems.	Low	1		
<b>B. Responsiveness</b>				
<b>i.</b> PJ has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the preceding two-program year.	High	2		
<b>ii.</b> PJ has responded to letters of complaint forwarded through HUD within prescribed timeframes.	Low	1		
<b>iii.</b> Not applicable	None	0		
<b>Subtotal for Satisfaction Assessment (Max. 7 Pts.)</b>			<b>SUBTOTAL:</b>	

**FACTOR 5 – SERVICES**

**Factor Definition:** Extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

**Rating Considerations:** The basis for evaluator’s rating in this factor is derived from information that could be obtained but not limited to; Consolidated Plans, Annual Performance Plans, CAPERS, correspondence, release of funds requests, local, HQ or grantee generated automated reports or spreadsheets, IDIS. The evaluator should consider the grantee’s overall effectiveness in carrying out program activities and delivery to target population.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the risk score column listed below.

<b>FACTOR 5 - SERVICES</b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator’s Rating</b>	<b>Evaluator’s Comments</b>
<b>A. Income Targeting</b>				
<b>i.</b> PR 16 report (IDIS report) indicates that the PJ did not meet income targeting requirements during the last two consecutive program years, OR income determinations procedures have not been monitored in 5 years, OR previous monitoring has found that PJ did not meet income targeting requirements or was incorrectly determining income and prospective compliance has not yet been verified.	High	5		
<b>ii.</b> PR 16 report indicates that the PJ did not meet income targeting requirements for the most recently completed program year, OR income determinations have not been monitored in 3 years, OR other information (e.g. audits, complaints) suggest that PJ may be incorrectly conducting income determinations.	Moderate	3		
<b>iii.</b> PJ is meeting income-targeting requirements and available information (e.g. audits, complaints) or monitoring of income determination procedures within last 3 years indicates compliance.	Low	1		

<b>B. Program Progress</b>				
<b>i.</b> PR 22 report (IDIS Report), HOME report card or other information show that more than 20% of PJ projects are not moving from commitment to construction and from construction to completion within prescribed timeframe; OR PR 16 and 22 indicate that occupancy data is not being entered for completed projects.	High	8		
<b>ii.</b> PR 22 report, HOME report card or other information show that less than 20% of PJ projects are not moving from commitment to construction and from construction to completion within prescribed timeframes.	Moderate	4		
<b>iii.</b> PR 22 report, HOME report card or other information show that PJ projects are moving from commitment to construction and from construction to completion within prescribed timeframe and PR 16 and 22 indicate that occupancy data is being entered for completed projects.	Low	1		
<b>C. Relocation</b>				
<b>i.</b> The PJ has carried out HOME activities that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of 25 or more units due to acquisition, demolition or conversion of property or the permanent displacement of one or more businesses, non-profit organizations, farms during the most recently completed program year.	High	5		
<b>ii.</b> The PJ has carried out HOME activities that involved the temporary or permanent displacement of low or moderate-income tenant/homeowner occupied properties of less than 25 units during the most recently completed program year.	Moderate	3		
<b>iii.</b> The PJ has carried out HOME activities that involved the acquisition of vacant land only during the most recently completed program year OR did not carry out activities that included displacement during the most recently completed program year.	Low	1		
<b>D. Environmental</b>				
<b>i.</b> PJ carries out HOME activities that involve new construction or substantial rehab of either 100 or more housing units or 100,000 sq. ft. or more of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58; OR activities involving project site(s) that are in locations involving multiple environmental issues as listed in 24 CFR Parts 58.4, 58.5, and 58.6 during the most recently completed program year.	High	5		
<b>ii.</b> PJ carries out HOME activities that involve new construction or substantial rehabilitation of project sites involving 25 - 99 housing units or 10,000 – 99,999 sq. ft. of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58 during the most recently completed program year.	Moderate	3		
<b>iii.</b> PJ carries out HOME activities that involve service programs or rehabilitation of	Low	1		

projects involving less than 25 housing units or less than 10,000 sq. ft. of floor space, or less than 5 percent of all projects requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58.				
<b>Subtotal for Services Assessment (Max. 23 pts.)</b>		<b>SUBTOTAL:</b>		

**Overall Risk Assessment – Total Score**

<b>FACTOR</b>	<b>Maximum Score</b>	<b>Points Assigned</b>
1. Financial	18	
2. Physical	12	
3. Management	40	
4. Satisfaction	7	
5. Services	23	
<b>Total</b>	100	

**Part II To be completed by Management Representative(s):**

Subtotal from Part I Risk Assessment	
Adjustment by Exception (note type, A, B, C, X)	

**Exceptions:**

- A. The Office of Inspector General is currently auditing the grant program or project site.
- B. The CPD Director determines that on-site monitoring of this program or project site is administratively infeasible in the current year, given other monitoring actions. HUD will use remote monitoring actions, and/or make use of technical assistance support, as needed, to mitigate potential problems or already has the grantee working on a schedule for needed corrective actions. Future on-site monitoring will give priority considerations if issues continue or extenuating circumstances or new information increases risk of this grantee.
- C. In the determination of the CPD Director, on site monitoring of this program is not administratively cost-effective for HUD in the current year, given other monitoring actions.
- D. Other (explain)

CPD Management Representative(s): \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment A-4**

**Emergency Shelter Grants Program  
Formula Risk Analysis Worksheet**

**Part I – To Be Completed By CPD Evaluator**

**Name of Grantee:** \_\_\_\_\_ **Fiscal Year Review:** \_\_\_\_\_

**Name of HUD Evaluator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Risk Criteria considerations include;

- Risk exposure to the Department
- The likelihood that a program participant has failed to comply with program requirements; or
- The participant has performed unacceptably

In completing this worksheet, the evaluator will provide an assessment of the grantee, utilizing five standard factors selected by the Department to determine the level of risk a grantee may pose to a HUD program. The five factors include: Financial, Physical, Management, Satisfaction and Services. Listed under each factor is a set of one or more subfactors. Each subfactor identifies a set of criteria that will define a numeric value based on risk level. You are to choose the appropriate risk level based on the definition provided and assign the numeric value that is indicated. One score should be assigned for each subfactor that best represents your assessment of the factual information available on this grantee. This score should be indicated in the Evaluator's Rating Box. The Evaluator's Comment Box must be completed when any subfactor is rated as high risk. Assessment indicators used in evaluating criteria should be available through current reporting systems or readily available information.

**FACTOR 1 - FINANCIAL:**

**Factor Definition:** Extent to which grantee accounts for and manages financial resources in accordance with approved financial management standards and the amount of potential monetary exposure to the Department.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained from but not limited to, financial management and information system such as; IDIS, audit management systems, A-133 audits, assessment of grantee's drawdown history, submission of required documents, timeliness standards and expenditure rates as they relate to financial management and history of financial activities, HQ reporting systems and grantee performance reports.

The evaluator should award point values to subfactors A through C. Choose only one risk score for each subfactor from the point values listed below

<b>FACTOR 1 - FINANCIAL</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Grant Amount</b>				
<b>i.</b> The community's grant amount for the most recently completed program year falls within the top quartile of all ESG funded communities within the Office's jurisdiction for the same program year.	High	5		
<b>ii.</b> The community's grant amount for the <b>most</b> recently completed program year falls within the second quartile of all ESG grants awarded within the Office's jurisdiction within the same program year.	Moderate	3		
<b>iii.</b> The community's grant amount for the <b>most</b> recently completed program year falls within the third or fourth quartile of all ESG grants awarded within the Office's jurisdiction within the same program year.	Low	1		
<b>B. Audits</b>				
<b>i.</b> An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out agreed upon corrective action(s) as of the date of this review.	High	5		
<b>ii.</b> An A –133 audit has been submitted to the Federal Clearinghouse for the <b>most</b> recently completed reporting period and the grantee is on schedule for carrying out any agreed upon corrective actions identified in current or former audits.	Moderate	3		
<b>iii.</b> A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1		

<b>C. 24 Month Expenditure Provisions</b>				
<b>i.</b> The grantee has failed to carry out activities that would provide for all funds to be expended within the 24- month timeframe as evidenced by the most currently submitted CAPER and other reports as of the date of this review.	High	5		
<b>ii.</b> CAPER and other reports indicate that the grantee may not meet or be able to carry out proposed activities; and it is projected that the grantee will fail to meet 24 month expenditure timeframe as of the date of this review.	Moderate	3		
<b>iii.</b> Grantee's proposed expenditures and actual accomplishments detailed in the most current CAPER and other reports indicate that the grantee has met the 24-month expenditure provisions as of the date of this review.	Low	1		
<b>Subtotal for Financial Assessment (Max. 15 pts.)</b>			<b>SUBTOTAL:</b>	

### **FACTOR 2. PHYSICAL**

**Factor Definition:** Extent to which HUD funded physical assets are maintained and operated according to established standards.

**Rating Considerations:** The basis of the evaluator's rating is derived from HUD's inspection of records and reports, observations of the grantee's proper use of established forms and procedures, information received through public comments, A-133 or other audits, press accounts and other sources of information. The evaluator should consider any existing or previously identified problems with the physical asset and the extent to which problems have been or are likely to be corrected; whether HUD funds are used for acquisition, construction or rehabilitation activities; the number of sites at which HUD-funded physical assets are located and the activities supported by the physical asset; and the extent of any previous on site monitoring.

The evaluator should award a point value to subfactor A. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 2 - PHYSICAL</b>	<b>Risk Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Rehabilitation</b>				
<b>i.</b> Rehabilitation or conversion to a residential facility involving costs in excess of 75 percent of its value before rehabilitation; or grantee failed to meet ten-year service obligation or open findings exist that have not been resolved as of the date of this review.	High	10		
<b>ii.</b> Rehabilitation has been undertaken for use as a residential facility, or failed to meet the three-year service obligation; or the grantee has open findings and is working toward successful resolution.	Moderate	5		
<b>iii.</b> No ESG funds have been spent on rehabilitation during the past year, and there are no outstanding findings.	Low	1		
<b>Subtotal for Physical Assessment (Max. 10 pts.)</b>			<b>SUBTOTAL:</b>	

### **FACTOR 3. MANAGEMENT**

**Factor Definition:** Extent to which the program participant has the capacity to carry out HUD programs according to established requirements

**Rating Considerations:** The basis for the evaluator's rating in this factor is derived from information that could be obtained from but not limited to; consideration of the knowledge, skills and ability of program staff and the grantee's administrative capacity to manage the grant, including: eligibility of activities and recipients; or problems such as; lack of progress in implementing activities, change in staff during the last year, lack of experience with Federal grants or project activities, frequency and level of technical assistance required by the grantee to carry out activities. Additionally, OIG audits and related reporting systems can be considered, including but not limited to; Con Plans, CAPERS, Technical Assistance Plans, IDIS, and other reporting mechanisms.

The evaluator should award point values to subfactors A through F. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 3 - MANAGEMENT</b>	<b>Risk Definition</b>	<b>Factor Score</b>	<b>Rater's Rating</b>	<b>Rater's Comments</b>
<b>A. Program Complexity</b>				
<b>i.</b> Grantee undertakes three or more activities provided for at 24 CFR 576.21 or uses a subrecipient to assist in carrying out such activities; or activities are being currently undertaken that have not been carried out since the grantee was last monitored on site for the ESG program.	High	5		
<b>ii.</b> Grantee carries out two or fewer eligible activities as defined by 24 CFR 576.21 OR grantee has taken on rehabilitation or homeless prevention as new activities which the grantee has not previously carried out.	Moderate	3		
<b>iii.</b> Grantee has not undertaken any new activities during the current or most recently completed program year and there are no known problems or findings under the ESG	Low	1		

program that exist as of the date of this review.				
<b>B. Timely and Accurate Submissions</b>				
i. One or more of grantee's required submissions are incomplete or received 30 days or more after prescribed timeframes. This includes: Consolidated/Annual Action Plans and CAPERS during the last twelve-month period.	High	5		
ii. At least one of the submissions as described in (i) above is not received within the prescribed timeframe during the last twelve-month period.	Moderate	3		
iii. All grantee's required submissions are complete and received by the Field Office within required timeframes during the last twelve-month period.	Low	1		
<b>C. Program Administration CAP</b>				
i. The grantee has exceeded the 5 percent administration CAP for the ESG program for the most recently completed program year.	High	5		
ii. Based on available information, it is projected that the grantee will exceed the administration CAP for the ESG program for the current program year.	Moderate	3		
iii. The grantee has not exceeded the administration cap for the most recently completed program year and all information indicates that the CAP will not be exceeded for the current program year.	Low	1		
<b>D. Staff Capacity</b>				
i. One or more key vacancies currently exists and have existed for staff responsible for administration of the ESG program for more than six months, OR grantee's past performance resulted in violations of ESG regulations or monitoring findings that the grantee has failed to resolve within the last six months OR staff hired within the most recently completed program year or prior years has not received ESG training.	High	5		
ii. One or more key vacancies currently exists or have existed for staff responsible for administration of the ESG program for more than three and less than six months, OR the grantee's performance for resolving existing violations of ESG regulations or monitoring findings is on schedule for carrying out corrective actions.	Moderate	3		
iii. There has been no change in staff that is responsible for the administration of the ESG program during the most recently completed program year and there are no known ESG problems or open findings as of the date of this review.	Low	1		
<b>E. OIG Audit</b>				
i. An OIG Audit is currently underway and a final report has not been issued. OR a previous OIG Audit identified one or more recommendations that have not been cleared and the grantee is not on schedule for carrying out such recommendations as of the date of this review.	High	5		

ii. A previous OIG audit identified one or more recommendations that have not been cleared and the grantee is on schedule for carrying out such recommendations as of the date of this review.	Moderate	3		
iii. An OIG audit is not scheduled or currently underway and any findings from previous audits have been cleared as of the date of this review.	Low	1		
<b><u>F. On-Site Monitoring</u></b>				
i. HUD has not conducted an on-site monitoring of the ESG program for this grantee within the last three years.	High	10		
ii. HUD has conducted an on-site monitoring of the ESG program within the last two years and one or more findings remain unresolved.	Moderate	5		
iii. HUD has conducted an on-site monitoring of the ESG program within the last two years and any there were no findings or all findings have been resolved.	Low	1		
iv. Not applicable	None	0		
<b><u>G. Staff Costs</u></b>				
i. Staff operating costs is classified improperly or has exceeded ten percent of annual allocation during the most recently completed program year.	High	5		
ii. Based on information available through reporting systems or grantee, it is projected that staff operating costs will exceed the ten percent of the annual allocation during the current program year.	Moderate	3		
ii. Staff operating costs are classified properly and limited to no more than ten percent of annual allocation during the most recently completed program year and it is projected that staff operating costs will not exceed the ten percent of the annual allocation during the current program year.	Low	1		
<b>Subtotal for Management Assessment (Max. 40 pts.)</b>		<b>SUBTOTAL:</b>		

#### **FACTOR 4. SATISFACTION**

**Factor Definition:** Extent to which clients express satisfaction or dissatisfaction with the delivery of program services.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained but not limited to; client or citizen-originated correspondence, grantee responses, FOIA, Congressional inquiries, citizen complaints, press information, loss of community support, failure to reply or submit reports, Consolidated Plans, Annual Performance Plans, CAPERS, and automated tracking systems.

The evaluator should award point values to subfactors A through B. Choose only one risk score for each subfactor from the point values listed below

<b>FACTOR 4 - SATISFACTION</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Citizen Complaints</u></b>				
i. Citizen complaints have been received during the most recently completed program	High	5		

year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc., and when considering the grantee’s response resulted in violations of ESG regulations or findings that have remained open for more than six months.				
ii. Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc. and considering the grantee’s response have not been found to be violations of ESG regulations but are concerns that could lead to possible future violations if not addressed by grantee.	Moderate	3		
iii. No valid complaints have been received during the last twelve-month period and there are no known ESG problems.	Low	1		
<b>B. Responsiveness</b>				
i. Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the preceding two program year.	High	5		
ii. Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the most recently completed program year.	Moderate	3		
iii. Grantee has responded to letters of complaint forwarded through HUD within prescribed timeframes.	Low	1		
iv. Not applicable	None	0		
<b>Subtotal for Satisfaction Assessment (Max 10 pts)</b>	<b>SUBTOTAL:</b>			

**FACTOR 5 – SERVICES**

**Factor Definition:** Extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

**Rating Considerations:** The basis for evaluator’s rating in this factor is derived from information that could be obtained but not limited to; Consolidated Plans, Annual Performance Plans, CAPERS, correspondence, release of funds requests, local, HQ or grantee generated automated reports or spreadsheets, IDIS. The evaluator should consider the grantee’s overall effectiveness in carrying out program activities and delivery to target population.

The evaluator should award point values to subfactors A through E. Choose only one risk score for each subfactor from the point values listed below

<b><u>FACTOR 5 – SERVICES</u></b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator’s Rating</b>	<b>Evaluator’s Comments</b>
<b>A. Meeting Program Objectives</b>				
i. Sanctions have been placed on grantee for failing to meet program requirements during the most recently completed program year OR proposed activities to be carried	High	5		

out by grantee or subrecipients are currently not on schedule or do not serve the intended needs of the beneficiaries, sub-populations or service areas covered by the ESG program.				
ii. Proposed activities being undertaken by grantee or subrecipients are not on schedule and corrective action is currently underway to ensure the intended needs of the beneficiaries, sub-populations or service areas are met as required by ESG program requirements.	Moderate	3		
ii. Activities carried out by grantee during the most recently completed program year are in compliance with program requirements, and there are no known problems.	Low	1		
<b>B. Homeless Prevention</b>				
i. Homeless prevention activities are classified improperly or exceed more than 30 percent of the annual allocation during the most recently completed program year.	High	5		
ii. Based on information available through reporting systems or grantee, it is projected that homeless prevention activities will exceed more than 30 percent of the annual allocation during the current program year OR homeless prevention activities are classified improperly.	Moderate	3		
iii. Homeless prevention activities are classified properly and limited to no more than 30 percent of annual allocation during the current and/or previous program year	Low	1		
<b>C. Essential Services</b>				
i. Essential services activities are classified improperly and exceed more than 30 percent during the most recently completed program year.	High	5		
ii. Based on information available through reporting systems or grantee, it is projected that essential services activities will exceed more than 30% of annual allocation during current year OR are improperly classified.	Moderate	3		
iii. Essential services activities are classified properly and limited to no more than 30 percent of annual allocation during current and/or previous program year. In cases where more than 30% has been expended, the grantee has requested and was granted a waiver.	Low	1		

<b>C. Relocation</b>				
<b>i.</b> The grantee has carried out ESG activities that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of 25 or more units due to acquisition, demolition or conversion of property or the permanent displacement of one or more businesses, non-profit organizations, farms during the most recently completed program year.	High	5		
<b>ii.</b> The grantee has carried out ESG activities that involved the temporary or permanent displacement of low or moderate-income tenant/homeowner occupied properties of less than 25 units during the most recently completed program year.	Moderate	3		
<b>iii.</b> The grantee has carried out ESG activities that involved the acquisition of vacant land only during the most recently completed program year OR did not carry out activities that included displacement during the most recently completed program year.	Low	1		
<b>D. Environmental</b>				
<b>i.</b> Grantee carries out ESG program activities that involve new construction or substantial rehab of either 100 or more housing units or 100,000 sq. ft. or more of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58; OR activities involving project site(s) that are in locations involving multiple environmental issues as listed in 24 CFR Parts 58.4, 58.5, and 58.6 during the most recently completed program year.	High	5		
<b>ii.</b> Grantee carries out ESG program activities that involve new construction or substantial rehabilitation of project sites involving less than 25 – 99 housing units or 10,000 – 99,999 sq. ft. of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58 during the most recently completed program year.	Moderate	3		
<b>iii.</b> Grantee carries out ESG program activities that involve service programs or rehabilitation of projects involving less than 25 housing units or less than 10,000 sq. ft. of floor space, or less than 5 percent of all projects requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58	Low	1		
<b>Subtotal for Satisfaction Assessment (Max. 25 pts.)</b>			<b>SUBTOTAL:</b>	

**Overall Risk Assessment – Total Score**

<b>FACTOR</b>	<b>MAXIMUM</b>	<b>SCORE</b>
1. Financial	15	
2. Physical	10	
3. Management	40	
4. Satisfaction	10	
5. Services	25	
<b>Total</b>	<b>100</b>	

**Part II To be completed by Management Representative(s):**

Subtotal from Part I Risk Assessment	
Adjustment by Exception (note type, A, B, C, X)	

**Exceptions:**

- A. The Office of Inspector General is currently auditing the grant program or project site.
- B. The CPD Director determines that on-site monitoring of this program or project site is administratively infeasible in the current year, given other monitoring actions. HUD will use remote monitoring actions, and/or make use of technical assistance support, as needed, to mitigate potential problems or already has the grantee working on a schedule for needed corrective actions. Future on-site monitoring will give priority considerations if issues continue or extenuating circumstances or new information increases risk of this grantee.
- C. In the determination of the CPD Director, on site monitoring of this program is not administratively cost-effective for HUD in the current year, given other monitoring actions.

X. Other (explain)

CPD Management Representative(s): \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

Attachment A-5

Distribution: W-3-1

**HOPWA Program  
Formula Risk Analysis Worksheet**

**Part I – To Be Completed By CPD Evaluator**

**Name of Grantee:** \_\_\_\_\_ **Fiscal Year Review:** \_\_\_\_\_

**Name of HUD Evaluator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Risk Criteria considerations include;

- Risk exposure to the Department
- The likelihood that a program participant has failed to comply with program requirements; or
- The participant has performed unacceptably

In completing this worksheet, the evaluator will provide an assessment of the grantee, utilizing five standard factors selected by the Department to determine the level of risk a grantee may pose to a HUD program. The five factors include: Financial, Physical, Management, Satisfaction and Services. Listed under each factor is a set of one or more subfactors. Each subfactor identifies a set of criteria that will define a numeric value based on risk level. You are to choose the appropriate risk level based on the definition provided and assign the numeric value that is indicated. One score should be assigned for each subfactor that best represents your assessment of the factual information available on this grantee. This score should be indicated in the Evaluator's Rating Box. The evaluator's comment box must be completed when any subfactor is rated as high risk. Assessment indicators used in evaluating criteria should be available through current reporting systems or readily available information.

**FACTOR I - FINANCIAL**

**Factor Definition:** Extent to which grantee accounts for and manages financial resources in accordance with approved financial management standards and the amount of potential monetary exposure to the Department.

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained but not limited to financial management and information system such as IDIS, audit management systems, A-133 audits assessment of grantee's draw-down history (i.e. IDIS/LOCCS/PAS), submission of required documents, timeliness standards and expenditure rates as they relate to financial management and history of financial activities, HQ reporting systems and grantee performance reports.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 1 - FINANCIAL</b>	<b>Factor Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b>A. Audits</b>				
	i. An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out agreed upon corrective action(s) as of the date of this review.	High	5	
	ii. An A –133 audit has been submitted to the Federal Clearinghouse for the most recently completed reporting period and the grantee is on schedule for carrying out any agreed upon corrective actions identified in current or former audits.	Moderate	3	
	iii. A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1	
<b>B. PAS/LOCCS/IDIS</b>				
	i. A grantee's performance has been untimely in the expenditure of funds in accordance with program requirements; or a prior problem of this nature was not resolved as of the date of this assessment.	High	10	
	ii. Grantee is now performing adequately under a HUD Notice to correct an identified problem, or the matter is minor in nature and it is likely to be corrected following a HUD request for correction of this action.	Moderate	5	
	iii. The grantee's performance is satisfactory, any prior problem was corrected and/or there are no known financial problems.	Low	1	
<b>C. Size of funding</b> – The total amount of unexpended balances under the program as of the date of this review:				
	i. \$ 2,000,000 or more;	High	5	
	ii. \$800,000 to \$1,999,999;	Moderate	3	
	iii. \$200,000 to \$799,999.	Low	1	
<b>D. Last CPD on-site monitoring of financial management</b>				
	i. A grantee's financial management has never been monitored; or there is a new project involving capital development activities (acquisition, substantial	High	5	

rehabilitation, or new construction) and the first year of startup has passed as of the date of this assessment;				
ii. Monitoring of the grantee's financial management occurred more than three years ago;	Moderate	3		
iii. Monitoring of the grantee's financial management occurred during the last three years, or this is a new award in the first year of startup.	Low	1		
<b>Subtotal for Financial Assessment (Max. 25 pts.)</b>	<b>SUBTOTAL:</b>			

### **FACTOR 2 - PHYSICAL**

**Factor Definition:** Extent to which HUD-funded physical assets are developed, maintained and operated according to established standards.

**Rating Consideration:** The basis for evaluator's rating is derived from HUD's inspection of records and reports, observation of the grantee's proper use of established forms and procedures, information received through public comments, A-133 or other audits and other sources of information. The evaluator should consider any existing or previously identified problems with the physical assets and the extent to which problems have been or are likely to be corrected; whether HUD funds are used for acquisition, construction or rehabilitation activities; the number of sites at which HUD funded physical assets are located and the activities supported by the physical asset and the extent of any previous on site monitoring.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below.

<b><u>FACTOR 2 - PHYSICAL</u></b>	<b>Risk Definition</b>	<b>Factor Score</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. Existing or Previous Physical Asset Problems</u></b>				
i. A problem is identified in the development, maintenance or operation of a HUD-funded physical asset or other physical site-related activity; or a previously identified problem of this nature has not been resolved as of the date of this review.	High	5		
ii. An identified problem with the development, maintenance or operation of the physical asset is currently subject to corrective action pursuant to a HUD-approved schedule or plan; or the technical problem is likely to be corrected following a HUD request for correction of such action.	Moderate	3		
iii. The development, maintenance and operation of the physical asset is satisfactory; or any previously identified problem has been corrected and/or no other problems with the physical asset(s) have been identified.	Low	1		
iv. No HUD funds are used in the development, maintenance or operation of a physical asset OR no findings per last monitoring.	None	0		

<b>B. Acquisition, Construction and Rehabilitation of Physical Assets</b>				
<b>i.</b> HUD funds were used for the acquisition or construction or rehabilitation of twenty-four or more units of a physical asset; OR the physical asset has not been monitored.	High	5		
<b>ii.</b> HUD funds are used for the rehabilitation of less than twenty- four units of a physical asset; or are used at an existing property currently used for housing or residential programs;	Low	1		
<b>iii.</b> No HUD funds are used for the acquisition, construction or any rehabilitation of a physical asset, excluding minor maintenance or repairs and there have been no findings.	None	0		
<b>C. Multiple Sites for Physical Assets</b>				
<b>i.</b> HUD funds are used for the development, or maintenance or operation of physical assets at more than 7 current facility sites as of the date of this review.	High	5		
<b>ii.</b> HUD funds are used for the development, or maintenance or operation of physical assets at 1- 6 current facility sites at scattered sites.	Low	1		
<b>iii.</b> HUD funds are used only to support activities not directly related to the development, or maintenance or operation of a physical asset such as any of the following: supportive services, tenant-based rental assistance, leasing of individual units, counseling, training, organizational capacity building, etc.	None	0		
<b>D. On-Site Monitoring of Physical Assets</b>				
<b>i.</b> No on-site monitoring of physical assets has occurred or there is a new project involving acquisition, construction or rehabilitation of a physical asset(s) and the first year of project start-up has passed as of the date of this review.	High	5		
<b>ii.</b> On-site monitoring last occurred more than 3 years ago.	Moderate	3		
<b>iii.</b> On-site monitoring has occurred during the last three years; or there is a new project involving acquisition, or new construction or substantial rehabilitation and is in the first year of start-up.	Low	1 1		
<b>iv.</b> The project does not involve the development or maintenance or operation of a physical asset.	None	0		
<b>Subtotal for Physical Assessment (Max. 20 pts.)</b>	<b>SUBTOTAL:</b>			

**FACTOR 3 - MANAGEMENT**

**Factor Definition:** Extent to which the program participant has the capacity to carry out HUD programs according to established requirements

**Rating Considerations:** The basis for evaluator's rating in this factor is derived from information that could be obtained from but not limited to; consideration of the knowledge, skills and ability of program staff and the grantee's administrative capacity to manage the grant, including: eligibility of activities and recipients; or problems such as the lack of progress in implementing a project, changes in staff during the last year, major changes in the agency's mission or direction, lack of experience with Federal grants or project activities, frequency and level of technical assistance required by the grantee before and during project. Additionally OIG audits and related reporting systems can be considered, including but not limited to; Con Plans, CAPERS, Technical Assistance Plans, IDIS, and other reporting mechanisms.

The evaluator should award point values to subfactors A through C. Choose only one risk score for each subfactor from the point values listed below.

<b>Factor 3 - Management</b>	<b>Risk Definition</b>	<b>Risk Factor</b>	<b>Evaluator's Rating</b>	<b>Evaluator's Comments</b>
<b><u>A. OIG Audit</u></b>				
<b>i.</b> An A-133 audit due for the most recently completed reporting period or any previous reporting period(s) has not been submitted to the Federal Audit Clearinghouse within prescribed timeframe OR a grantee is overdue in carrying out agreed upon corrective action(s) as of the date of this review.	High	5		
<b>ii.</b> An A -133 audit has been submitted to the Federal Clearinghouse for the most recently completed reporting period and the grantee is on schedule for carrying out any agreed upon corrective actions identified in current or former audits.	Moderate	3		
<b>iii.</b> A-133 audits are current as of the date of this review, financial management performance is satisfactory and any previously agreed upon corrective actions have been completed as of the date of this review.	Low	1		
<b><u>B. Staff Capacity</u></b>				
<b>i.</b> One or more key vacancies currently exists and have existed for staff responsible for administration of the HOPWA program for more than six months, OR grantee's past performance resulted in violations of HOPWA regulations or monitoring findings that the grantee has failed to resolve within the last six months OR staff hired within the most recently completed program year or prior years has not received HOPWA training.	High	10		
<b>ii.</b> One or more key vacancies currently exists or have existed for staff responsible for administration of the program for more than three and less than	Moderate	5		

six months, OR the grantee’s performance for resolving existing HOPWA violations of regulations or monitoring findings is on schedule for carrying out corrective actions.				
iii. There has been no change in staff that is responsible for the administration of the HOPWA program during the most recently completed program year and there are no known problems or open HOPWA findings as of the date of this review.	Low	1		
<b>C. On-Site Monitoring</b>				
i. HUD has not conducted an on-site monitoring of the HOPWA program for this grantee within the last three years.	High	10		
ii. HUD has conducted an on-site monitoring of the HOPWA program within the last two years and one or more findings remain unresolved.	Moderate	5		
iii. HUD has conducted an on-site monitoring of the HOPWA program within the last two years and any findings have been resolved.	Low	1		
iv. Not applicable	None	0		
<b>Subtotal for Management Assessment (Max. 25 pts.)</b>	<b>SUBTOTAL:</b>			

**FACTOR 4 - SATISFACTION**

**Factor Definition:** Extent to which clients or beneficiaries express satisfaction or dissatisfaction with the delivery of program services.

**Rating Considerations:** The basis for the evaluator’s rating under this factor is derived from correspondence or other communication to HUD, the grantee or other parties with respect to the project; and any written or other responses by the grantee. The evaluator should consider any recent problems, such as citizen complaints ad the grantee/project sponsor’s response/failure to submit reports or respond to inquiries, and the loss of community support.

The evaluator’s should award point values to subfactors A through B. Choose only one risk score for each subfactor from the point values listed below.

<b><u>FACTOR 4 - SATISFACTION</u></b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator’s Rating</b>	<b>Evaluator’s Comments</b>
<b><u>A. Citizen Complaints</u></b>				
i. Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints. newspapers articles. etc.. and when considering the grantee’s	High	5		

response resulted in violations of HOPWA regulations or findings that have remained open for more than six months.				
ii. Citizen complaints have been received during the most recently completed program year through such sources as; citizen letters, phone calls, hot line complaints, newspapers articles, etc. and considering the grantee's response have not been found to be violations of HOPWA regulations but are concerns that could lead to possible future violations if not addressed by grantee.	Moderate	3		
iii. No valid complaints have been received during the last twelve-month period and there are no known HOPWA problems.	Low	1		
<b>B. Responsiveness</b>				
i. Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the preceding two program year.	High	5		
ii. Grantee has failed to respond to letters of complaint forwarded through HUD within prescribed timeframes during the most recently completed program year.	Moderate	3		
iii. Grantee has responded to letters of complaint forwarded through HUD within prescribed timeframes.	Low	1		
iv. Not applicable	None	0		
<b>Subtotal for Satisfaction Assessment (Max. 10 pts.)</b>	<b>SUBTOTAL:</b>			

### **FACTOR 5 - SERVICES**

**Factor Definition:** Extent to which HUD program participants effectively and efficiently deliver services to intended beneficiaries/clientele.

**Rating Consideration:** The evaluator should consider the planned program support and how it is appropriately being carried out to address intended range of housing needs and related supportive service issues, including any specialized efforts for sub-populations of homeless clients (or persons with HIV/AIDS for HOPWA) or difficulty in serving the proposed number of participants or moving homeless clients to permanent housing. The evaluator rater in this factor is derived from information that could be obtained from but not limited to; Consolidated Plans, Annual Performance Plans, CAPERS, correspondence, release of funds requests, local, HQ or grantee generated automated reports or spreadsheets.

The evaluator should award point values to subfactors A through D. Choose only one risk score for each subfactor from the point values listed below.

<b>FACTOR 5 - SERVICES</b>	<b>Risk Definition</b>	<b>Risk Score</b>	<b>Evaluator Rating</b>	<b>Evaluator's Comments</b>
<b>A. Addressing Recipient Needs</b>				
i. Proposed activities to be carried out by grantee or subrecipients are currently not on schedule or activities that are being carried out do not address the intended needs of the beneficiaries, sub-populations or service areas covered by the HOPWA program.	High	5		
ii. Proposed activities to be carried out by grantee or subrecipients are currently not on schedule and the grantee has submitted a revised timetable that will meet the intended needs of the beneficiaries, sub-populations or service areas covered by the HOPWA program.	Moderate	3		
iii. Proposed activities to be carried out by grantee or subrecipients are currently being carried out with no known problems, are on schedule and address the intended needs of the beneficiaries, sub-populations or service areas covered by the HOPWA program.	Low	1		
<b>B. Multiple Programs</b>				
i. Applicants that receive approval to carry out more than one program, all of which serve the same clientele (i.e. SHP and HOPWA) and receive funding from multiple entities (i.e. HUD, HHS, State, City, etc.);	High	5		
ii. Applicants that receive approval to carryout one program which addresses an identified need and receive funding from no more than two entities.	Low	1		

<b>C. Relocation</b>				
<b>i.</b> The grantee has carried out HOPWA activities that involved the temporary or permanent displacement of low or moderate income tenant/homeowner occupied properties of 25 or more units due to acquisition, demolition or conversion of property or the permanent displacement of one or more businesses, non-profit organizations, farms during the most recently completed program year.	High	5		
<b>ii.</b> The grantee has carried out HOPWA activities that involved the temporary or permanent displacement of low or moderate-income tenant/homeowner occupied properties of less than 25 units during the most recently completed program year.	Moderate	3		
<b>iii.</b> The grantee has carried out HOPWA activities that involved the acquisition of vacant land only during the most recently completed program year OR did not carry out activities that included displacement during the most recently completed program year.	Low	1		
<b>D. Environmental</b>				
<b>i.</b> Grantee carries out HOPWA program activities that involve new construction or substantial rehab of either 100 or more housing units or 100,000 sq. ft. or more of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58; OR activities involving project site(s) that are in locations involving multiple environmental issues as listed in 24 CFR Parts 58.4, 58.5, and <b>58.6</b> during the most recently completed program year.	High	5		
<b>ii.</b> Grantee carries out HOPWA program activities that involve new construction or substantial rehabilitation of project sites involving 25-99 housing units or 10,000 – 99,999 sq. ft. of floor space requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58 during the most recently completed program year.	Moderate	3		
<b>iii.</b> Grantee carries out HOPWA program activities that involve service programs or rehabilitation of projects involving less than 25 housing units or less than 10,000 sq. ft. of floor space, or less than 5 percent of all projects requiring submission of Request for Release of Funds, as outlined in Subpart H of the regulations at 24 CFR 58.	Low	1		
<b>Subtotal for Services Assessment (Max. 20 pts. )</b>		<b>SUBTOTAL:</b>		

**Overall Risk Assessment – Total Score**

<b>FACTOR</b>	<b>Maximum Score</b>	<b>Points Assigned</b>
1 - Financial	25	
2 - Physical	20	
3 - Management	25	
4 - Satisfaction	10	
5 - Services	20	
<b>Total</b>	<b>100</b>	

**Part II To be completed by Management Representative(s):**

Subtotal from Part I Risk Assessment	
Adjustment by Exception (note type, A, B, C, X)	

**Exceptions:**

- A. The Office of Inspector General is currently auditing the grant program or project site.**
- B. The CPD Director determines that on-site monitoring of this program or project site is administratively infeasible in the current year, given other monitoring actions. HUD will use remote monitoring actions, and/or make use of technical assistance support, as needed, to mitigate potential problems or already has the grantee working on a schedule for needed corrective actions. Future on-site monitoring will give priority considerations if issues continue or extenuating circumstances or new information increases risk of this grantee.**
- C. In the determination of the CPD Director, on site monitoring of this program is not administratively cost-effective for HUD in the current year, given other monitoring actions.**
- X. Other (explain)**

CPD Management Representative(s): \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment B-1****Competitive Program Risk Analysis Worksheet**

Grantee: \_\_\_\_\_ Fiscal Year Review: \_\_\_\_\_

Name of Program: \_\_\_\_\_

Name of Evaluator: \_\_\_\_\_ Date: \_\_\_\_\_

Total Dollar Value of Grant(s): \_\_\_\_\_ Number of Grants: \_\_\_\_\_

Description: To Be Completed By Evaluator	Evaluator's Rating
<b>Factor 1 – Financial</b>	
A. Audits (5/3/1/0)	
B. PAS/LOCCS/IDIS (10/5/1)	
C. Size of funding (5/3/1)	
D. Last CPD on-site monitoring of financial management (5/3/1)	
<b>Subtotal for Financial (Max. 25 pts.)</b>	
<b>Factor 2 - Physical</b>	
A. Existing or Previous Physical Assets (5/3/1/0)	
B. Acquisition, Construction and Rehabilitation of Physical Assets (5/1/0)	
C. Multiple Sites for Physical Assets (5/1/0)	
D. On-site Monitoring of Physical Assets (5/3/1/0)	
<b>Subtotal for Physical (Max. 20 pts.)</b>	
<b>Factor 3 - Management</b>	
A. OIG Audit (5/3/1)	
B. Staff Capacity (10/5/1)	
<b>Subtotal for Management (Max. 15 pts.)</b>	
<b>Factor 4 - Satisfaction</b>	
A. Citizen Complaints (5/3/1)	
B. Responsiveness (5/3/1/0)	
<b>Subtotal for Satisfaction (Max. 10 pts.)</b>	
<b>Factor 5 - Services</b>	
A. Addressing Recipient Needs (10/5/1)	
B. Multiple Programs (10/1/0)	
C. Relocation (5/3/1)	
D. Environmental (5/3/1)	
<b>Subtotal for Services (Max. 30 pts.)</b>	
<b>Total Overall Competitive Risk Score (Max. 100 pts.)</b>	

**Attachment B-2****CDBG Risk Analysis Worksheet**

Grantee: \_\_\_\_\_

Fiscal Year Review: \_\_\_\_\_

Name of Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

<b>Description: To Be Completed By Evaluator</b>	<b>Evaluator's Rating</b>
<b>Factor 1 – Financial</b>	
A. Grant Amount (5/3/1)	
B. Timeliness (10/5/1)	
C. Program Income (5/3/1)	
D. Audits (5/3/1)	
E. Section 108 Activity (5/3/1)	
<b>Subtotal for Financial (Max. 30 pts.)</b>	
<b>Factor 2 - Management</b>	
A. Program Complexity (5/3/1)	
B. Timely and Acceptable Submissions (5/3/1)	
C. Program Administration CAP (5/3/1)	
D. Staff Capacity (5/3/1)	
E. OIG Audit (5/3/1)	
F. On-Site Monitoring (10/5/1/0)	
<b>Subtotal for Management (Max. 35 pts.)</b>	
<b>Factor 3 - Satisfaction</b>	
A. Citizen Complaints (5/3/1)	
B. Responsiveness (2/1/0)	
<b>Subtotal for Satisfaction (Max. 7 pts.)</b>	
<b>Factor 4 - Services</b>	
A. Meeting National Objectives (10/1)	
B. Public Service CAP (5/3/1)	
C. Allocation of Resources (3/2/1)	
D. Relocation (5/3/1)	
E. Environmental (5/3/1)	
<b>Subtotal for Services (Max. 28 pts.)</b>	
<b>Total Overall CDBG Risk Score (Max. 100 pts.)</b>	

**Attachment B-3****HOME Risk Analysis Worksheet**

Grantee: \_\_\_\_\_ Fiscal Year Review: \_\_\_\_\_

Name of Evaluator: \_\_\_\_\_ Date: \_\_\_\_\_

<b>Description: To Be Completed By Evaluator</b>	<b>Evaluator's Rating</b>
<b>Factor 1 – Financial</b>	
A. Grant Amount (5/3/1)	
B. Commitments, CHDO Reservations and Expenditures (5/3/1)	
C. Program Income (3/2/1)	
D. Audits (5/3/1)	
<b>Subtotal for Financial (Max. 18 pts.)</b>	
<b>Factor 2 – Physical</b>	
A. Physical Condition of Projects (12/7/1)	
<b>Subtotal for Physical (Max. 12 pts.)</b>	
<b>Factor 3 - Management</b>	
A. Multiple Funding Sources (3/0)	
B. Program Design (3/0)	
C. CHDO Activities (3/0)	
D. Program Delegations (3/0)	
E. Affordability Requirements (3/0)	
F. Staff Capacity (10/7/1)	
G. Subrecipient/State Recipient Capacity & Oversight (8/4/1)	
H. OIG Audit (2/1/0)	
I. On site Monitoring (5/3/1/0)	
<b>Subtotal for Management (Max. 40 pts.)</b>	
<b>Factor 4 - Satisfaction</b>	
A. Citizen Complaints (5/3/1)	
B. Responsiveness (2/1/0)	
<b>Subtotal for Satisfaction (Max. 7 pts.)</b>	
<b>Factor 5 - Services</b>	
A. Income Targeting (5/3/1)	
B. Program Progress (8/4/1)	
C. Relocation (5/3/1)	
D. Environmental (5/3/1)	
<b>Subtotal for Services (Max. 23 pts.)</b>	
<b>Total Overall HOME Risk Score (Max. 100 pts.)</b>	

## Attachment B-4

ESG Risk Analysis Worksheet

Grantee: \_\_\_\_\_

Fiscal Year Review: \_\_\_\_\_

Name of Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

Description: To Be Completed By Evaluator	Evaluator's Rating
<b>Factor 1 – Financial</b>	
A. Grant Amount (5/3/1)	
B. Audits (5/3/1)	
C. 24 Month Expenditure Provisions (5/3/1))	
<b>Subtotal for Financial (Max. 15 pts.)</b>	
<b>Factor 2 - Physical</b>	
A. Rehabilitation (10/5/1)	
<b>Subtotal for Physical (Max. 10 pts.)</b>	
<b>Factor 3 - Management</b>	
A. Program Complexity (5/3/1)	
B. Timely and Accurate Submissions (5/3/1)	
C. Program Administration CAP (5/3/1)	
D. Staff Capacity (5/3/1)	
E. OIG Audit (5/3/1)	
F. On-Site Monitoring (10/5/1/0)	
G. Staff Costs (5/3/1)	
<b>Subtotal for Management (Max. 40 pts.)</b>	
<b>Factor 4- Satisfaction</b>	
A. Citizen Complaints (5/3/1)	
B. Responsiveness (5/3/1/0))	
<b>Subtotal for Satisfaction (Max. 10 pts.)</b>	
<b>Factor 5 - Services</b>	
A. Meeting Program Objectives (5/3/1)	
B. Homeless Prevention (5/3/1)	
C. Essential Services (5/3/1)	
D. Relocation (5/3/1)	
E. Environmental (5/3/1)	
<b>Subtotal for Services (Max. 25 pts.)</b>	
<b>Total Overall ESG Risk Score (Max. 100 pts.)</b>	

## Attachment B-5

HOPWA Risk Analysis Worksheet

Grantee: \_\_\_\_\_

Fiscal Year Review: \_\_\_\_\_

Name of Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

Description: To Be Completed By Evaluator	Evaluator's Rating
<b>Factor 1 – Financial</b>	
A. Audits (5/3/1)	
B. PAS/LOCCS/IDIS (10/5/1)	
C. Size of Funding (5/3/1)	
D. Last CPD on-site monitoring of financial management (5/3/1)	
<b>Subtotal for Financial (Max. 25 pts.)</b>	
<b>Factor 2 - Physical</b>	
A. Exiting or Previous Physical Asset Problems (5/3/1/0)	
B. Acquisition, Construction and Rehabilitation of Physical Assets (5/1/0)	
C. Multiple Sites for Physical Assets (5/1/0)	
D. On-site Monitoring of Physical Assets (5/3/1/0)	
<b>Subtotal for Physical (Max. 20 pts.)</b>	
<b>Factor 3 - Management</b>	
A. OIG Audit (5/3/1)	
B. Staff Capacity (10/5/1)	
C. On-Site Monitoring (10/5/1/0)	
<b>Subtotal for Management (Max. 25 pts.)</b>	
<b>Factor 4 - Satisfaction</b>	
A. Citizen Complaints (5/3/1)	
B. Responsiveness (5/3/1/0)	
<b>Subtotal for Satisfaction (Max. 10 pts.)</b>	
<b>Factor 5 - Services</b>	
A. Addressing Recipient Needs (5/3/1)	
B. Multiple Programs (5/1)	
C. Relocation (5/3/1)	
D. Environmental (5/3/1)	
<b>Subtotal for Services (Max. 20 pts.)</b>	
<b>Total Overall HOPWA Risk Score (Max. 100 pts.)</b>	

**Attachment C-1****Competitive Composite Summary Worksheet**

Grantee	BEDI	Colonias	EDI	HBCU	HOPWA comp.	RHED	Round II EZs	Sec. 8 SRO Mod. Rehab.	S+ C	SHP	Small Cities Comp.	Youthbuild	Total	Average Score	Rank	Exception Code	Exception Comments	Management Representative Initials

High Risk = any grantee whose program score is 65 or more.

**KEY to Competitive Programs**

Acronyms	Program
<b>BEDI</b>	<b>Brownfields Economic Development Initiative</b>
<b>Colonias</b>	<b>Colonias Programs</b>
<b>EDI</b>	<b>Economic Development Initiative</b>
<b>HBCU</b>	<b>Historic Black Colleges and Universities</b>
<b>HOPWA competitive</b>	<b>Housing Opportunities for Persons with AIDS</b>
<b>RHED</b>	<b>Rural Housing and Economic Development</b>
<b>Round II EZs</b>	<b>Round II Empowerment Zones</b>
<b>Sec. 8 SRO Mod. Rehab.</b>	<b>Section 8 Single Room Occupancy Moderate Rehabilitation</b>
<b>S + C</b>	<b>Shelter Plus Care</b>
<b>SHP</b>	<b>Supportive Housing Program</b>
<b>Small Cities Comp.</b>	<b>Small Cities Competitive</b>
<b>Youthbuild</b>	<b>Youthbuild</b>

**Attachment C-2****Formula Composite Summary Worksheet**

<b>Grantee</b>	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>Total Score</b>	<b>Average Score</b>	<b>Rank</b>	<b>Exception Code</b>	<b>Exception Comments</b>	<b>Management Representative Initials</b>

High Risk = any grantee whose program score is 65 or more.

**Key to Formula Programs**

<b>Acronym</b>	<b>Program</b>
<b>CDBG</b>	<b>Community Planning and Development Program</b>
<b>HOME</b>	<b>Home Investment Partnerships Programs</b>
<b>ESG</b>	<b>Emergency Shelter Grant Programs</b>
<b>HOPWA</b>	<b>Housing Opportunity for Persons with AIDS</b>

**Attachment D-1****Competitive Exception Report**

<b>Grantee Name</b>	<b>Risk Ranking</b>	<b>Exception Code</b>	<b>Reason for Exception</b>
<b>Grantee X</b>	<b>2</b>	<b>A</b>	
<b>Grantee Y</b>	<b>6</b>	<b>X</b>	<b>On-site TA scheduled in lieu of monitoring. Grantee monitored during FY 2002 with no significant findings, however is in need of TA to improve performance.</b>
<b>Grantee C</b>	<b>4</b>	<b>B</b>	

**Attachment D-2****Formula Exception Report**

<b>Grantee Name</b>	<b>Risk Ranking</b>	<b>Exception Code</b>	<b>Reason for Exception</b>
<b>Grantee T</b>	<b>2</b>	<b>A</b>	
<b>Grantee U</b>	<b>6</b>	<b>X</b>	<b>On-site TA scheduled in lieu of monitoring. Grantee monitored during FY 2002 with no significant findings, however is in need of TA to improve performance.</b>
<b>Grantee C</b>	<b>4</b>	<b>B</b>	