

# Subrecipient Risk Assessment Webinar

California Housing & Community Development  
(HCD)

2021





# Welcome

- Webinar designed to permit interaction between HCD and Subrecipients
- Post questions in Chat box (HCD will try to answer immediately and pause to take questions on 3 occasions)
- Otherwise, participants will be in 'listen only' mode
- For technical issues, you may also request assistance in the Chat box
- This session will be recorded, and materials will be posted to the HCD website



# Agenda

- Introduction
- Purpose
- Risk Assessment
- Managing Risk
- Expectations \*
- Systems Walkthrough \*
- Next Steps \*
- Resources

\* Selected questions (not answered in chat) will be taken after each of these sections.

# Introduction





# Key Personnel

## HCD

- Amanda Ohman
- Samina Akhtar
- Michelle Chand
- Marcia Flores
- Erin Ortiz

## Civix

- Adrienne Duncan
- Randall Mullen
- Jared Lee
- Patty Weisner
- Angela Traill
- Patrick Roberts
- Liz Melendez
- Philip Betito

## eCivis

- Ryan Baird
- Jay De La Rosa

# Purpose





# Identifying & Mitigating Risk through Technical Assistance & Monitoring

The Risk Assessment will determine:

- Subrecipient's Risk Areas
- Severity of Risk (Risk Score)
- Technical Assistance
- Monitoring Type
- Frequency (Quarterly, Semi-Annually, Annually)



# Due Diligence vs. Risk Assessment

- Due Diligence: determines the subrecipient's capacity to implement the program/ability to roll out the program as they receive their allocations (One-Time Occurrence).
- Risk Assessment: determines areas of concern/deficiencies in order to anticipate compliance issues (Ongoing).



# Roles & Responsibilities

- HCD's roles and responsibilities related to the risk assessment are to:
  - Perform Due Diligence Reviews (Program Staff)
  - Conduct Risk Assessment (Monitoring Staff)
  - Provide Technical Assistance (Program/Monitoring)
  - Conduct Monitoring (Monitoring Staff)



## Roles & Responsibilities(cont'd)

- Subrecipient's roles and responsibilities related to the risk assessment are to:
  - Adhere to HCD Monitoring Plan
  - Complete Risk Assessment Questionnaire
  - Provide organizational and program information needed to complete the Risk Assessment
  - Address findings and concerns on a timely basis
- ❖ *Finding is defined as a deficiency for which there is clear non-compliance with a statutory, regulatory, DR, or MIT requirement; whereas, a **concern** is area of noncompliance that is not a clear violation of those specific requirements, but a condition that could lead to future findings, if not corrected.*



# Working Together

- Document submission/review is a collaborative effort
- Assessment enables Subrecipient and HCD to identify risks and strategically provide required:
  - Support;
  - Oversight; and
  - Monitoring
- ❖ *The subrecipient relationship requires each awarded jurisdiction to conform to Uniform Administrative Requirements 2 CFR 200.303 and 200.328 to compliantly manage CDBG-DR and CDBG-MIT funds*

# Risk Assessment





# Key Risk Components

- Staff Capacity & Relevant Experience
- Program Design & Complexity
- Program Implementation
- Compliance History



## Objective of Risk Assessment

- On-going process – **not** a one-time occurrence – to ensure subrecipients have continued capacity in managing programs to meet compliance standards.
- Assist Compliance team in determining best methods to resolve or reduce risk.
  - Determines Monitoring Schedule
  - Determines Technical Assistance and/or Training activities administered by Compliance
- Tool/method subrecipients can utilize to build capacity.



# Risk Ratings

Risk Criteria	Description	Low Risk	Medium Risk	High Risk
<b>Staff Capacity and Relevant Experience</b>	<ul style="list-style-type: none"> <li>Subrecipient's current staff capacity.</li> <li>Ability to ensure CDBG-DR programmatic and regulatory compliance.</li> <li>CDBG-DR grant administration experience.</li> </ul>	<ul style="list-style-type: none"> <li>No turnover.</li> <li>Sufficient staff capacity and program knowledge for program complexity.</li> <li>2+ years' CDBG-DR administration experience.</li> </ul>	<ul style="list-style-type: none"> <li>Past (within 1 year) turnover of key personnel.</li> <li>Strained staff capacity and programmatic knowledge.</li> <li>1 to 2 years' CDBG-DR administration experience.</li> </ul>	<ul style="list-style-type: none"> <li>Recent (within 6 months) turnover of key personnel.</li> <li>Inadequate staff capacity and programmatic knowledge.</li> <li>Less than 1 year CDBG-DR administration experience.</li> </ul>
<b>Program Design and Complexity</b>	<ul style="list-style-type: none"> <li>Type of activities.</li> <li>Intake and selection process complexity.</li> <li>Level of cross-cutting requirements.</li> <li>Total funds allocated to the subrecipient (all programs).</li> </ul>	<ul style="list-style-type: none"> <li>1 activity type.</li> <li>Manageable intake system.</li> <li>Little or no applicable cross-cutting requirements.</li> <li>Less than \$1,000,000.</li> </ul>	<ul style="list-style-type: none"> <li>2 – 3 activity types.</li> <li>Intake system that may strain resources.</li> <li>Some cross-cutting requirements apply.</li> <li>\$1,000,000 - \$5,000,000.</li> </ul>	<ul style="list-style-type: none"> <li>4+ activity types.</li> <li>Highly complex intake system.</li> <li>Many cross-cutting requirements apply.</li> <li>More than \$5,000,000.</li> </ul>
<b>Program Implementation</b>	<ul style="list-style-type: none"> <li>Level of program management by the subrecipient.</li> <li>Timeline for program completion.</li> </ul>	<ul style="list-style-type: none"> <li>Direct implementation or carry-out grants only.</li> <li>Over 24 months timeline for program completion.</li> </ul>	<ul style="list-style-type: none"> <li>Direct implementation and pass-through grants.</li> <li>12-24 months timeline for program completion.</li> </ul>	<ul style="list-style-type: none"> <li>Pass-through grants only.</li> <li>Under 12 months timeline for program completion.</li> </ul>
<b>Compliance History</b>	<ul style="list-style-type: none"> <li>Subrecipient's past compliance with federally funded programs.</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of prior monitoring, with no or less than two findings or concerns noted.</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of prior monitoring, with two or more findings or concerns noted but not severe.</li> </ul>	<ul style="list-style-type: none"> <li>No past monitoring.</li> <li>If monitored, multiple, severe findings and concerns were revealed.</li> </ul>



# Scoring: Individual vs. Overall

## Individualized Assessment

- \* Evaluation of Programmatic Risk Factor
- \* Determine Individual Subrecipient Risk Level

**Focus  
on  
High  
Risk  
Areas**

## Overall Assessment

- \* Evaluate ALL Subrecipient's Programmatic Risk Areas
- \* Evaluation of Cohort of Subrecipients

# Managing Risk





# Monitoring

Monitoring is an ongoing process that provides information about program participants that is critical for making informed judgements about program effectiveness and management efficiency.



# Desk Monitoring vs. Onsite Monitoring

## Desk Monitoring:

- Intended for lower risk subrecipients
- Limited documentation requirements
- Focused on specific area
- Conducted at HCD regardless of Subrecipient location
- Could result in an Onsite Monitoring

## Onsite Monitoring:

- Intended for higher risk subrecipients
- Conducted at the Subrecipient's location
- Focused on the multiple programmatic areas
- HCD may determine that technical Assistance is required as a result Onsite Monitoring



# Technical Assistance

## TA Objectives:

- Address areas of concern
- Improve performance
- Develop/increase capacity
- Augment management
- Develop corrective action plans

## TA Types:

- Verbal/Written Guidance
- Formal Training
- Observation of Subrecipient Activities



# Technical Assistance Triggers

## Risk Assessment:

- Subrecipient rates – overall – risk level of medium high to high
- Subrecipient rates medium-high to high in specific area(s)

## Subrecipient Request:

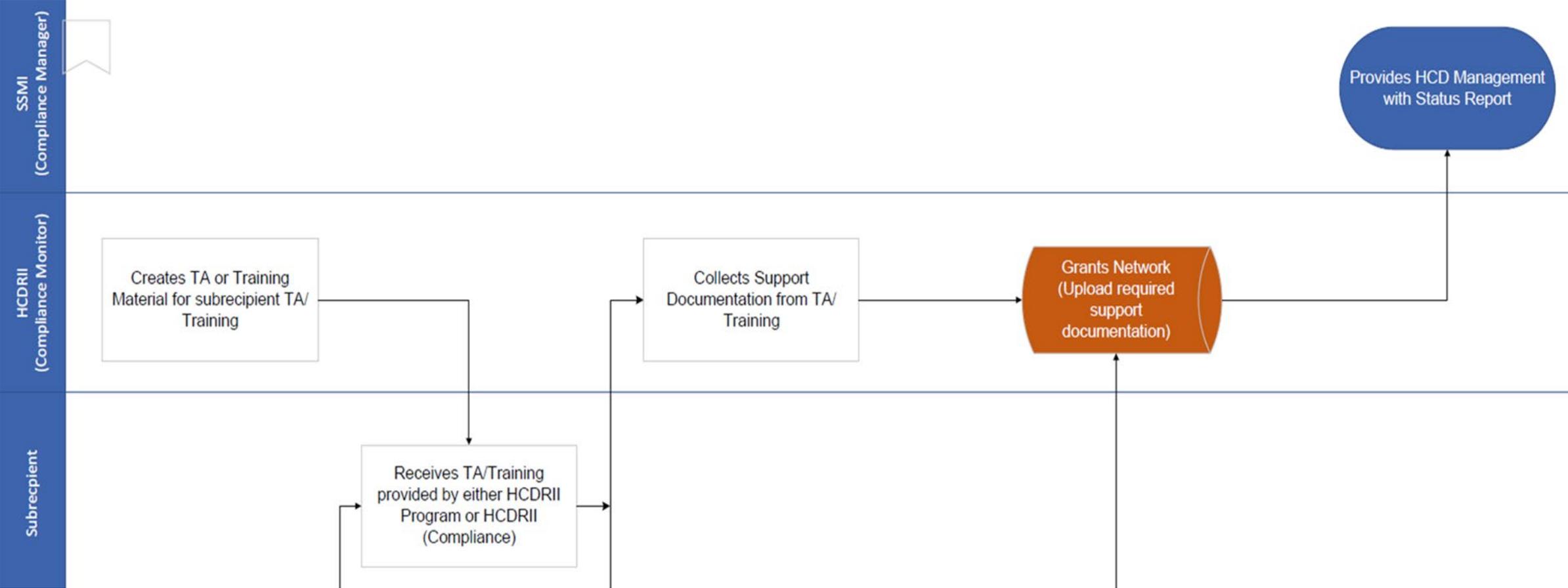
- Subrecipient contacts program or compliance staff and requests guidance/training in an area of self-identified weakness

## Onsite Observation:

- Monitoring Staff identifies areas where the subrecipient has a **minor** misconception and/or misstep in performing a specific action which may lead to larger problems if not corrected.

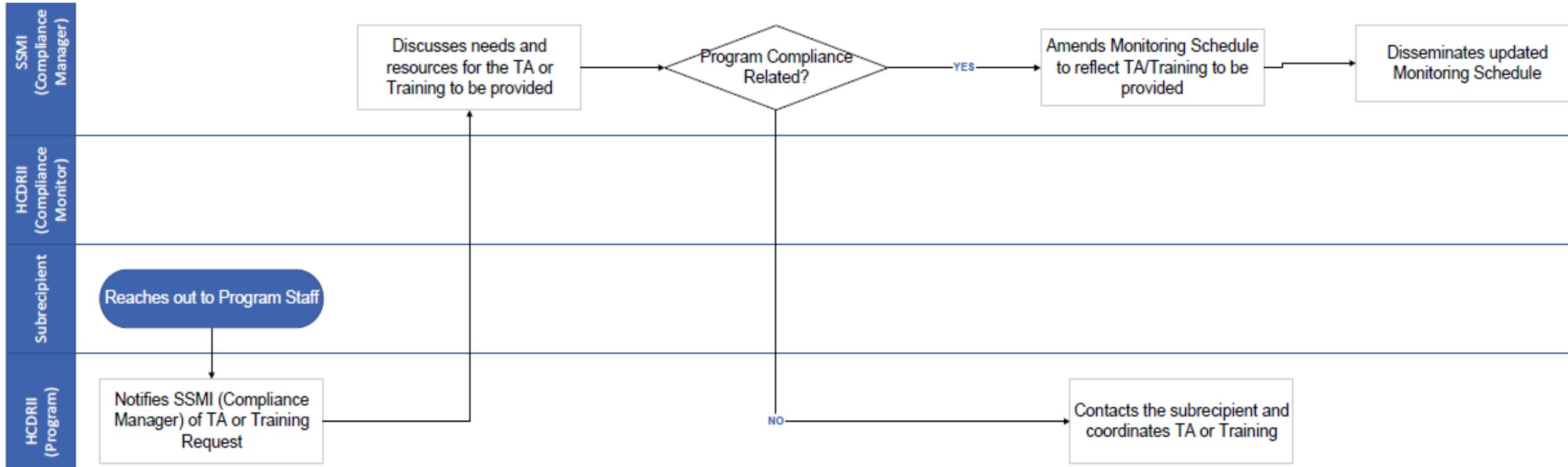


# Monitoring Schedule TA Flowchart





# Subrecipient Request TA Flow Chart





# On-Site Monitoring TA

## Onsite Monitoring

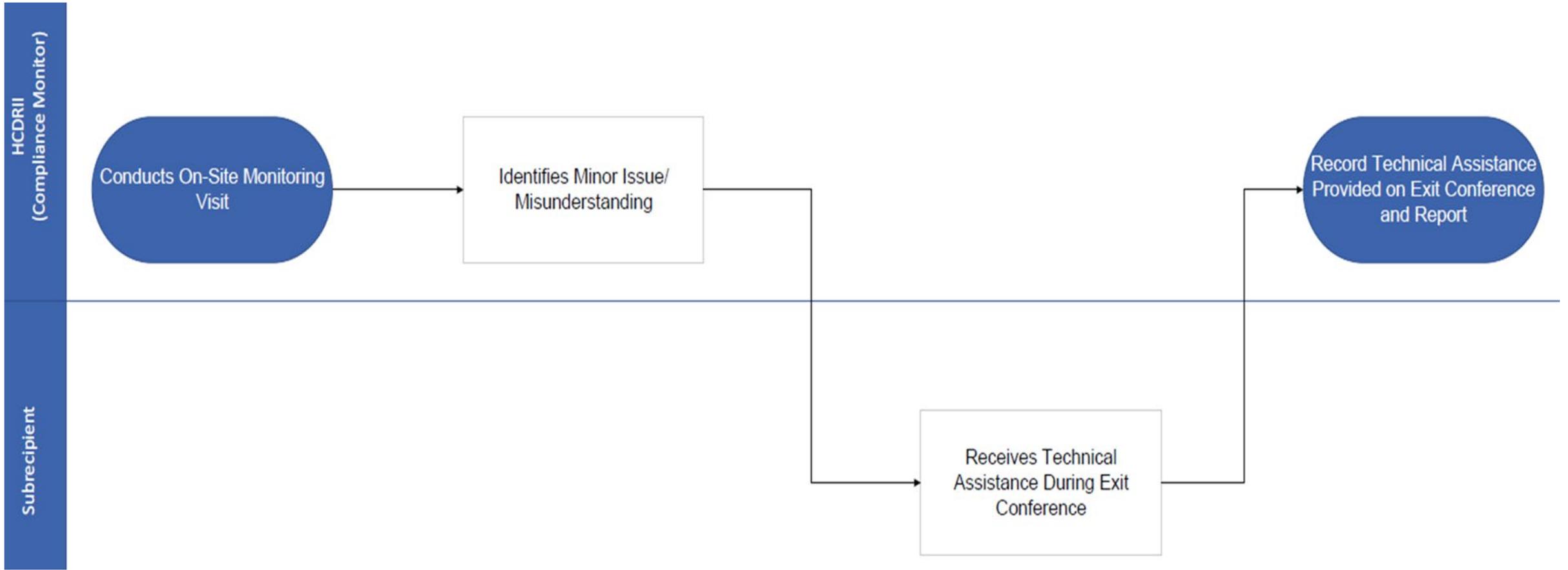
- Intended for higher risk Subrecipients
- HCD and Subrecipient to convene
- Subrecipient required to respond w/ corrective action plan
- HCD may determine that Technical Assistance is required, as a result of Onsite Monitoring, and deliver the TA afterwards.

## Onsite Observation:

- Monitoring Staff identifies and immediately addressed **minor** misconception and/or misstep in performing a specific action which may lead to larger problems if not corrected.



# On-Site Monitoring TA Flow Chart



# Expectations





## Subrecipient:

- Cooperate with HCD in the conduct of this assessment (questionnaire, document requests)
- Comply with resulting actions (TA and/or monitoring)

## HCD:

- Address risk as it arises with TA and/or monitoring
- Maintain open communication

Questions?



# Systems Walkthrough and Recap



Questions?





# Recap on Questionnaire

- Step #1: Subrecipient receives a notification from HCD Monitoring staff to complete the questionnaire (along with an additional instructions).

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**From:** HCD Monitoring and Compliance

**Sent:** Wednesday, April 21, 2021 9:48 AM

**To:**

**Cc:**

**Subject:** Subrecipient Risk Assessment Questionnaire

Good Morning,

The subrecipient risk assessment questionnaire workspace is now open and available for your initial input. You can access the risk assessment workspace by clicking on this [link](#), which will allow you to follow prompts to create a new questionnaire. Once a new questionnaire is started, HCD Monitoring and Compliance staff will begin uploading documentation and information into the questionnaire which it has reviewed from the program team as part of its due diligence review and/or any other documentation for which you have shared with them at this point.

Once HCD Monitoring and Compliance confirms that all previously provided documentation has been placed into the questionnaire, please have the questionnaire submitted back to HCD within two weeks.

Please let us know if you have any additional questions or need additional information.

Thank you,

HCD Compliance and Monitoring Staff



# Recap on Questionnaire (cont'd)

- Step #2:  
Subrecipient clicks link for redirection to the Grants Network site to complete the assessment – click “Apply.”



California Department of Housing and Community Development

Risk Assessment



Overview	Eligibility	Financial	Contact	Files
ID:	N/A			
Title:	Risk Assessment			
Application Start Date:	N/A			
Application End Date:	N/A			
CFDA:	N/A			
Reference URL:				

**Summary:**

As the recipient of CDBG-DR and CDBG-MIT grants, HCD is responsible for managing the day-to-day operations of the State's DR and MIT Programs, and to ensure that Federal funds are expended in accordance with each program requirements. It is important to note that the State does not pass through DR and MIT funds to jurisdictions to fully manage sub grants as under the CDBG Program. The legal relationship between the State (HCD) and most parties will be 'grantee and subrecipient'.

The subrecipient relationship requires each awarded jurisdictions to conform to Uniform Administrative Requirements 2 CFR 200.303 and 200.328 to compliantly manage CDBG-DR and CDBG-MIT funds. HCD follows the CDBG-DR Monitoring Plan (approved December 9, 2020) as a part of its internal controls in conformance with oversight responsibilities to specifically ensure that the State manages awards in compliance with Federal statutes, regulations, and grant agreement terms and conditions. Such oversight occurs through monitoring and reporting of program performance.

The Subrecipient Risk Assessment, which your jurisdiction is about to complete, is an initial step for HCD to monitor compliance for DR and MIT funding. This assessment primarily advises HCD of potential risks that subrecipients may face in managing Federal funding on behalf of HCD, and that may benefit from additional technical assistance and capacity training to lessen risks and increase compliance. As programs progress into full project implementation, the risk assessment shifts to program areas on which to focus compliance and monitoring activities. As a result, the risk assessment serves as the foundation from which HCD records and documents both its technical assistance and monitoring efforts to ensure regulatory compliance as responsible and effective stewards of HUD funding.



# Recap on Questionnaire (cont'd)

- Step #3: Subrecipient will log into the Grants Network portal and will be directed to a Risk Assessment page – click “Create New Application.”

Welcome to the Portal

This service provided by eCivis makes it possible for interested parties to save, collaborate, and apply for solicitations. Login, or create a free account to start.

Login

Password  
(Minimum 8 chars, alphanumeric with symbol(s))

Portal Login

Grants Network<sup>®</sup> Login

Forgot Password?

Don't have an account?

Create an account

eCivis Grants Network user?  
Use your existing login above and the Grants Network<sup>®</sup> Login button.

Privacy Policy and Terms of Service

California Department of Housing and Community Development  
Monitoring Department  
Risk Assessment

My Applications

Create New Application

Show 10 entries

Grant Application	Create Date	Status
No applications have been saved or submitted		

Showing 0 to 0 of 0 entries



# Recap on Questionnaire (cont'd)

- Step #4: The screen will prompt the subrecipient to click “Get Started” – the risk assessment questionnaire will then appear on screen for completion.

California Department of Housing and Community Development  
Monitoring Department  
Risk Assessment

For any questions related to this program solicitation please contact [michelle.chand@hcd.ca.gov](mailto:michelle.chand@hcd.ca.gov)

[Create New Application](#) [Back to Solicitation](#)

### Application Submissions

You cannot move forward until you have completed your Profile.

Profile	Complete	<a href="#">Edit</a>
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To begin, click the “Application Process” button below.

When you return to this Homepage, you can see the status of your submission by the colored status bar below the submission card.

- If the status bar is **gray**, your submission is under review, and no action needs to be taken.
- If the status bar is **blue**, there is an action required. Click on the Submission Card to complete.
- If the status bar is **red**, there is an error. Please reach out to the Administrator of this program.

[Get Started](#)

The screenshot shows a web interface for the California Department of Housing and Community Development. At the top left is the department's logo. The main header identifies the department, monitoring department, and the current section, "Risk Assessment". Below this is a contact email and two buttons: "Create New Application" and "Back to Solicitation". The main content area is titled "Application Submissions" and contains a message stating that the user cannot move forward until their profile is completed. A table shows a submission card for "Profile" with a green "Complete" status bar and an "Edit" button. Below the table, there is a "Get Started" button with a blue plus sign, which is highlighted with a yellow circle and a blue arrow pointing to it from the right. A list of instructions explains the meaning of different status bar colors: gray for under review, blue for action required, and red for error.

# Next Steps





- Look for email notification with “link’ from HCD
- Two-week timeframe for Subrecipient to respond
- HCD will help Subrecipient:
  - Avoid duplicate requests and
  - Provide timely response to Subrecipient
- When programs are implemented, Subrecipient will:
  - Receive appropriate technical assistance, if necessary, and
  - Be expected to cooperate in monitoring event(s)
- HCD/Subrecipient will collaborate on devising and implementing any required action(s)

Questions?



# Resources

## [Disaster Recovery - CDBG-DR Programs for 2017 and 2018 Disasters](#)

(from HCD Website)

- 17 DR, 17 MIT and 18 DR Action Plans
- Related Information, including Federal Register Notices
- Program Descriptions, such as, MHP, INF, and RIP

## [HCD Monitoring Plan](#) (December 9, 2020)

## [e-CFR](#) (Electronic Code of Federal Regulations)

Frequently Asked Questions (FAQ) ★COMING SOON★

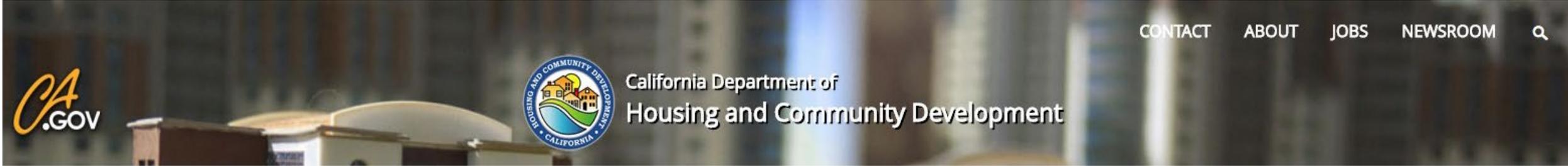


Thanks for Your Participation!





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Housing and Community Development



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Email Sign up



Questions, Comments, Feedback



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