

2013

# Grants Administration User Guide

Understanding Grants Administration and Requirements  
of the CoC Program Interim Rule



# TABLE OF CONTENTS

---

1. The Continuum of Care (CoC) Program .....	1
1.1 Overview of CoC Program User Guide Series .....	1
1.2 Citations within the Guides .....	2
2. CoC Program Grant Award Process .....	3
2.1 Requirements and Conditions .....	3
2.2 Grant Agreement Execution .....	3
2.3 Required Recipient Agreement.....	4
2.4 Site Control .....	6
2.5 Environmental Review.....	7
3. Recordkeeping Requirements .....	7
3.1 CoC-level Recordkeeping Requirements.....	7
3.2 Recipient Organizational Recordkeeping Requirements .....	8
3.3 Recipient Grant-Specific Recordkeeping Requirements .....	9
3.4 Grant-Specific Program Participant Recordkeeping Requirements.....	10
3.5 Confidentiality of Records.....	12
3.6 Period of Record Retention .....	12
3.7 Access to Records .....	13
3.8 Reports .....	13
4. Grant and Project Changes.....	13
4.1 Significant Grant Amendments .....	13
4.2 Minor Changes.....	14
5. Performance Reviews and Sanctions.....	15
5.1 Performance Reviews .....	15
5.2 Remedial Actions and Sanctions .....	16
5.3 Deobligation of Funds .....	17
6. Closeout.....	17

# 1. THE CONTINUUM OF CARE (CoC) PROGRAM

---

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act. Among other changes, the HEARTH Act consolidated three separate McKinney-Vento homeless assistance programs (Supportive Housing Program, Shelter Plus Care Program, and Section 8 Moderate Rehabilitation SRO program) into a single grant program known as the Continuum of Care (CoC) Program. HUD published the [Continuum of Care Program interim rule](#) in the Federal Register on July 31, 2012. The regulation took effect on August 30, 2012, and now governs the CoC Program.

The CoC Program is designed to assist individuals and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability. More broadly, the program is designed to promote community-wide planning and strategic use of resources to address homelessness; improve coordination and integration with mainstream resources and other efforts targeted to people experiencing homelessness; improve data collection and performance measurement; and allow each community to tailor its project(s) to the particular strengths and challenges within that community.

Each year, HUD awards CoC Program funds competitively to nonprofit organizations, States, units of local governments, and/or instrumentalities of State or local government, collectively known as **recipients**. In turn, recipients may contract or subgrant with other organizations or government entities, known as **subrecipients**, to carry out a grant's day-to-day project operations.

## 1.1 Overview of CoC Program User Guide Series

A series of user guides has been developed to help CoCs, recipients, and subrecipients administer CoC Program funds (see box on next page). Recipients and subrecipients are the primary audience for the user guide series.

All user guides will be accessible on the [OneCPD Resource Exchange](#).

This user guide reviews the standards for administering CoC Program grants, with a specific focus on the grant award requirements in Subpart C and the grant administration requirements in Subpart G of the CoC Program interim rule.

### Overview of Current and Forthcoming CoC User Guide Series

**Establishing and Operating a CoC:** This user guide outlines how to create an effective and representative Continuum of Care in order to fulfill the roles and responsibilities set out in the CoC Program interim rule.

**Introduction to Unified Funding Agencies (UFA):** This user guide discusses the process for becoming a UFA and the roles and responsibilities that accompany it.

**Determining and Documenting Homeless and At Risk Status, Income, and Disability:** This user guide discusses the criteria used to define homelessness and at risk of homelessness, including income, disability, and associated recordkeeping requirements.

**CoC Program Components and Eligible Costs:** This user guide reviews the five CoC program components and the costs that recipients and subrecipients may incur in administering and operating CoC projects.

**CoC Program Funding for Homeless Management Information System (HMIS):** This user guide reviews the role of the HMIS within the CoC and the differences between eligible HMIS costs incurred by recipients as part of a project and eligible costs incurred by the HMIS lead in establishing, operating, and overseeing the use of the CoC's HMIS.

**Project Administration and General Program Requirements:** This user guide describes project administrative costs and general program requirements applicable to the CoC Program—regardless of which components are carried out—such as match, calculating rents and occupancy charges, timeliness standards, and terminations.

## 1.2 Citations within the Guides

This guide references provisions of the McKinney-Vento Homeless Assistance Act and the Code of Federal Regulations (CFR). You may locate the relevant areas in the Act at: <https://onecpd.info/resources/documents/CoCProgramInterimRule.pdf>

To locate a specific regulation, visit [ecfr.gpo.gov/](https://www.ecfr.gov/), select Title 24 for the HUD regulations, and select the part number.

## 2. CoC PROGRAM GRANT AWARD PROCESS

---

The CoC Program interim rule delineates responsibilities of CoC Program grant recipients related to effective grant administration. Some of the activities related to administering the grant begin at the time of grant award, prior to receiving an executed grant agreement.

### 2.1 Requirements and Conditions

Applicants must satisfy all conditions before the execution of a grant agreement. Specifically, in order to receive CoC Program funding, each applicant must meet all requirements and provide proof of satisfying those requirements. These requirements include:

- site control;
- matching funds;
- environmental review requirements; and
- documentation of financial feasibility.

Applicants must satisfy these requirements within 12 months of the announcement of award, or within 24 months in cases where applicants receive funds for acquisition, rehabilitation, or new construction. HUD may extend the 12-month deadline if the applicant can provide compelling reasons for delay due to factors beyond its control.

In addition to these standard conditions required of each applicant before grant execution, HUD may also impose conditions on all or parts of the application. Examples of these conditions include requests for supporting documentation on a project, revisions to the project budget, or modifications to a proposed activity to ensure compliance with the regulations.

HUD will withdraw an award if the applicant does not satisfy all conditions.

### 2.2 Grant Agreement Execution

The grant agreement establishes the rights and responsibilities of HUD and the recipient. The recipient is responsible for ensuring that the grant agreement is executed with HUD and that the terms of the agreement are carried out. The recipient and HUD must execute the grant agreement no later than 45 days from the date on which all conditions are satisfied (24 CFR part 578.23).

#### **Unified Funding Agency (UFA)**

A UFA is a type of collaborative applicant selected by a CoC and approved by HUD to apply for funding for all projects in the CoC's geographic area; to sign agreements and distribute funds to subrecipients; to oversee the fiscal controls for subrecipients; and to obtain approval for any grant amendments.

- If a CoC designates more than one applicant for its geographic area, HUD will enter into a grant agreement with each applicant awarded funds.
- If a CoC designates only one applicant for the geographic area, HUD may enter into a grant agreement with that applicant for new awards, if any, and into another grant agreement for renewals, CoC planning, and Unified Funding Agency (UFA) costs, if any. The two grants will cover the entire geographic area.

- If the collaborative applicant is a HUD approved UFA, then HUD may enter into one grant agreement with the UFA for new awards, in addition to one grant agreement for renewals, CoC planning, and UFA costs, if any. These two grants will cover the entire geographic area.

## 2.3 Required Recipient Agreement

Before the release of grant funds from HUD, recipients must ensure that they are able to carry out the terms and conditions described in the grant agreement, including any requirements from additional federal regulation(s), as applicable. As stated above, HUD will require grant recipients to sign a grant agreement in which they agree to specific terms, including the provision of oversight of projects, subrecipients, and any contractors. These terms, listed in 24 CFR part 578.23, are summarized below.

### *Compliance with the CoC Program Interim Rule*

The recipient must operate the project within provisions of the CoC Program interim rule and all related regulations. In addition, the recipient must agree to monitor and report project progress to the CoC and HUD. The recipient must also comply with any additional terms and conditions specified in the applicable CoC Program Notice of Funding Availability (NOFA).

### *Adequate Fiscal Control and Accounting Procedures*

If the recipient is a UFA, it must establish adequate fiscal control and accounting procedures to ensure the proper disbursement of, and accounting for, CoC Program grant funds, and that all financial transactions are conducted and that records are maintained in accordance with generally accepted accounting principles.

### *Subrecipient Agreements, Compliance, and Monitoring*

#### **Certifications**

The recipient must obtain certifications from subrecipients with respect to:

- Confidentiality of records, specifically for those records pertaining to any individual or family that was provided family violence prevention or treatment services through the project;
- Confidentiality of the locations of family violence projects;
- Establishment of policies and practices that enable program participants to exercise the rights afforded them under subtitle B of title VII of the Act and other laws relating to the provision of educational and related services to individuals and families experiencing homelessness;
- Designation of staff in family projects to ensure that children of program participants are enrolled in school and connected to early childhood programs and other appropriate services;
- Status of recipient and partners regarding debarment or suspension of business with the federal government; and
- Agreement to provide information, such as data and reports, as required by HUD.

## **Agreements**

The recipient must enter into subrecipient agreements requiring subrecipients to operate projects in accordance with the provisions of the CoC Program interim rule. Agreements must also specify requirements delegated from the recipient to the subrecipient and recordkeeping that must be maintained to support subrecipient monitoring.

## **Match**

The recipient must verify that subrecipients have the required match commitments prior to grant execution and verification of match expended or provided in-kind to the project.

## **Monitoring**

The recipient must monitor subrecipients and projects at least annually. Recipients should have open access to all grant-related information, including program participant and financial records. The specific requirements of subrecipient monitoring are discussed further in Section 5 of this user guide.

## **Homeless Consumer Involvement**

Projects should involve homeless individuals and families in as many aspects of project implementation as practical, including employment, provision of volunteer services, or otherwise, in constructing, rehabilitating, maintaining, and operating facilities for the project and providing supportive services for the project.

## **Educational Needs of Children**

In addition to the subrecipient certifications regarding supporting the educational and developmental needs of children of program participants, recipients must take the educational needs of children into account when families are placed in emergency or transitional shelter (24 CFR part 578.23(c)(7)). Recipients should, to the extent practicable, place families with children as close as practical to their school of origin so as not to disrupt the children's education. Any barriers should be documented in both the program participant and project files.

## **Written Standards**

Recipients and subrecipients must follow the written standards developed by the CoC for providing assistance (24 CFR part 578.7(a)(9)) and comply with standards in the CoC Program interim rule. For more information, see the User Guide on [Establishing and Operating a CoC](#).

## **Coordinated Assessment System**

Recipients must use the coordinated assessment system established by the CoC, in accordance with CFR part 578.7(a)(8). For more information, see the [OneCPD Resource Exchange](#).

## 2.4 Site Control

Site control establishes evidence that project sites are secured and that recipients or subrecipients are able to operate in given locations. Acceptable evidence of site control is a deed or lease. If CoC Program funds are to be used for acquisition, a purchase agreement is acceptable evidence of site control. The owner's, lessee's, or purchaser's name/organization on the deed, lease, or purchase agreement must be the applicant or intended subrecipient identified in the original application for CoC Program funds.

Site control must be obtained within 12 to 24 months of announcement of the awarded funds.

- For projects with operating and/or supportive services funding, site control must be completed within 12 months of announcement of the award.
- For projects with acquisition, new construction, and/or rehabilitation funding, site control must be completed within 24 months of announcement of the award.

The above requirements do not apply to:

- Housing that will be eventually owned or controlled by individuals or families served; and
- Supportive services provided in buildings that are not owned or operated by the recipient or subrecipient.

Recipients or subrecipients may obtain ownership or control of a suitable site different from the site specified in the application.

### *Site Control and Tax Credit Properties*

Project applicants that plan to use low-income housing tax credits (LIHTC) to finance a project that also uses CoC Program funds must demonstrate to HUD that the applicant or subrecipient is in control of the limited partnership or the limited liability corporation that has a deed or lease for the project.

- To demonstrate control of the limited partnership, the applicant or subrecipient must be the general partner or have a 51 percent controlling interest in the general partner.
- To demonstrate control of the limited liability corporation, the applicant or subrecipient must be the sole managing member.

If CoC Program funds will be used for acquisition, new construction, or rehabilitation in a LIHTC project, the recipient or subrecipient must maintain control of the partnership or corporation and own the project site for 15 years. The 15-year period starts from the date of initial occupancy of the housing or initial provision of services. During that time, the recipient or subrecipient must ensure that the project is operated in compliance with all applicable laws and regulations.

If CoC Program funds are not used for acquisition, new construction, or rehabilitation in a LIHTC project, the recipient or subrecipient must maintain control for term of the grant agreement and any subsequent renewals.

## 2.5 Environmental Review

Projects assisted with CoC Program funds are subject to environmental review by HUD under 24 CFR part 58. Recipients or subrecipients must provide all available, relevant information required for an environmental review in order for HUD to authorize the release of funds for each property. Before proceeding with grant implementation, the recipient or subrecipient must submit documentation supporting the successful completion of an environmental review. HUD must approve the environmental certification and Request for Release of Funds (RROF).

No activities may be performed on a project site until the Responsible Entity (RE) has completed the environmental review and HUD has authorized release of funds for the property. Specifically, the recipient or subrecipient, its project partners, and their contractors may not acquire, rehabilitate, convert, lease, repay, dispose of, demolish, or construct property for a project or commit or expend HUD or local funds for these activities until HUD has authorized the release of funds. If environmental issues are found, the recipient or subrecipient must carry out any mitigating measures required by HUD or select an alternative eligible property.

HUD will not release grant funds if the recipient or any other party commits grant funds (i.e., incurs any costs or expenditures to be paid or reimbursed) before the recipient submits and HUD approves its RROF.

## 3. RECORDKEEPING REQUIREMENTS

---

Recipients and subrecipients are required to:

- Establish and maintain standard operating procedures to make sure that program funds are used in accordance with regulatory and CoC Program NOFA requirements; and
- Maintain sufficient records to enable HUD to determine whether recipients and subrecipients are adhering to regulatory requirements.

### 3.1 CoC-level Recordkeeping Requirements

The CoC and its collaborative applicant must maintain records documenting compliance with the CoC Program interim rule requirements related to establishing and operating the CoC. Additional recordkeeping requirements apply if the Collaborative Applicant is a UFA.

#### *Continuum of Care Records*

Collaborative applicants are eligible applicants designated by the CoC to apply for CoC planning funds on behalf of the CoC. They must retain records documenting the process and activities undertaken to establish and operate their respective CoCs. Specifically, the collaborative applicant must maintain evidence that:

- The board selected by the CoC is composed of representatives from organizations whose projects serve homeless subpopulations within the CoC's geographic area and of at least one homeless or formerly homeless individual per 24 CFR part 578.5(b).
- The CoC has been established and operates in compliance with the requirements in Subpart B of the CoC Program interim rule, including:
  - Published agendas and minutes from regular CoC meetings;

- A CoC-approved governance charter that is reviewed and updated annually;
  - A written process for selecting a board that is reviewed and updated at least once every five years;
  - Documentation designating a single HMIS for the CoC; and
  - Monitoring reports of recipients and subrecipients.
- The CoC has prepared the application for funds per 24 CFR part 578.9, including designation of the eligible applicant to be the collaborative applicant.

For more information, see the User Guide on [Establishing and Operating a CoC](#).

### *Unified Funding Agency Records*

In addition to the records above, a collaborative applicant that has been designated as a UFA is also responsible for requesting grant amendments from HUD, consistent with the requirements at 24 CFR part 578.105. A UFA is responsible for maintaining evidence documenting the CoC's approval of any grant amendments. Evidence may include meeting minutes where a grant amendment was discussed, voted on, and approved.

## **3.2 Recipient Organizational Recordkeeping Requirements**

The recipient and subrecipient must establish and maintain standard operating procedures for ensuring that the CoC program funds are used in accordance with the requirements of the CoC Program interim rule and must establish and maintain sufficient records to enable HUD to determine whether the recipient and its subrecipients are meeting the requirements, such as those related to conflicts of interest, involvement of persons who are homeless, faith-based activities, affirmatively furthering fair housing, and other federal regulations (recipients and subrecipients must also have policies and procedures that outline how they will ensure the confidentiality of their records, as discussed further in Section 3.5 of this user guide).

### *Conflicts of Interest*

The recipient and its subrecipients must keep records to show compliance with the following:

- Organizational conflict of interest (in 24 CFR part 578.95(c)),
- CoC board conflict of interest (in 24 CFR part 578.95(b)), and
- Other conflict of interest requirements (in 24 CFR part 578.95(d)).

In addition, recipients must maintain a copy of the personal conflict of interest policy developed and implemented to comply with the requirements at 24 CFR part 578.95, along with records supporting any exceptions to the personal conflict of interest prohibitions. For more information, see the User Guide on [Establishing and Operating a CoC](#).

### *Homeless Consumer Participation*

Recipients and subrecipients must document compliance with the homeless participation requirements in 24 CFR part 578.75(g). Specifically, recipients and subrecipients must provide for the participation of not less than one homeless individual or formerly homeless individual on the board of directors, or other equivalent policymaking entity of the recipient or subrecipient, to the extent that such entity considers and makes policies and decisions regarding any project, supportive services, or the provision of CoC Program assistance.

### *Faith-Based Activities*

Recipients and subrecipients must document compliance with the faith-based activities requirements at 24 CFR part 578.87(b).

### *Affirmatively Furthering Fair Housing*

To document compliance with the requirements at 24 CFR part 578.93(c), recipients and subrecipients must maintain copies of marketing, outreach, and other materials used to inform eligible program participants who are least likely to apply, in the absence of special outreach, for the project.

### *Other Federal Requirements*

Recipients and subrecipients must document compliance with the federal requirements at 24 CFR part 578.99, as applicable, including environmental review requirements, Section 6002 of the Solid Waste Disposal Act, transparency in subcontracting, the Coastal Barrier Resources Act of 1982, applicable Office of Management and Budget (OMB) circulars, lead-based paint requirements, audit requirements, Davis-Bacon Act requirements, and requirements specified in Section 3 of the Housing and Urban Development Act.

## **3.3 Recipient Grant-Specific Recordkeeping Requirements**

For each CoC Program grant, recipients and subrecipients must maintain separate records to document that the project is in compliance with the service provision, match, and housing quality standards (HQS) requirements in the CoC Program interim rule. The recipient must also maintain well-documented and accurate project records related to subrecipient or other contractor activities.

### *Services Provided*

Recipients or subrecipients must document the types of supportive services provided to individuals and families and the amounts spent on those services. They must also document that such information undergoes review at least annually and that the service package offered to program participants was adjusted accordingly.

### *Housing Quality Standards*

Recipients or subrecipients must retain documentation to demonstrate compliance with the housing standards at 24 CFR part 578.75(b). These standards require the recipient or subrecipient to inspect housing units leased with CoC Program funds and units for which rental assistance payments are made with CoC Program funds to ensure the assisted units meet the applicable housing standards.

### *Match*

The recipient must keep records of the source and use of cash and in-kind contributions used to satisfy the 25 percent match requirement as described at 24 CFR part 578.73.

Match records must indicate the grant and fiscal year for which each matching contribution is counted. If the subrecipient is responsible for some or all of the match commitment, the recipient should collect appropriate documentation from the subrecipient in order to comply with the match recordkeeping requirements.

- If in-kind services are used to fulfill part of the match, the recipient must keep a copy of the Memorandum of Understanding (MOU) executed between the recipient or subrecipient and the third party that will provide the services.
- The recipient or subrecipient must maintain documentation of the actual in-kind services provided to program participants and in-kind contributions to the project throughout the grant period. The records must evidence how the value placed on third-party in-kind contributions was derived.
- To the extent feasible, in-kind match represented by volunteer services must be documented using the same methods used by the recipient or subrecipient to support the allocation of regular personnel costs. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the recipient's or subrecipient's organization. If employees of the recipients or subrecipients do not perform similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.

### *Subrecipients and Contractors*

The recipient must maintain well-documented and accurate project records related to any CoC Program-funded activities conducted by subrecipients or other contractors. At a minimum, the records must include:

- Copies of all solicitations of and agreements with subrecipients;
- Records of all payment requests by and dates of payments to subrecipients in compliance with 24 CFR parts 84 and 85;
- Documentation of subrecipient monitoring, including any monitoring findings, corrective actions required, and sanctions imposed, as applicable; and
- Copies of all procurement contracts issued by the recipient or subrecipients and documentation of compliance with the procurement requirements in 24 CFR part 85.36 and 24 CFR part 84.

### *Other Records Specified by HUD*

Recipients must maintain any other records specified by HUD.

## **3.4 Grant-Specific Program Participant Recordkeeping Requirements**

For each grant, recipients and subrecipients must document and maintain records related to program participant eligibility and the services received by program participants in order to ensure that CoC Program funding is used in accordance with HUD requirements and grant agreements and to document that program participants are served as intended.

The program participant recordkeeping requirements and acceptable forms of evidence for homeless status, as well as disability verification are detailed in resources available on the [OneCPD Resource Exchange](#). Recipients and subrecipients should refer to these materials, as program participant eligibility documentation is a complex topic. Below is brief overview.

## *Homeless Status*

Recipients or subrecipients must keep CoC Program records documenting acceptable evidence of homeless status of program participants as set forth in 24 CFR part 578.103(a)(3).

## *Records of Reasonable Belief of Imminent Threat of Harm*

For each program participant receiving tenant-based rental assistance who has moved to a different CoC in response to imminent threat of further domestic violence, dating violence, sexual assault, or stalking per 24 CFR part 578.51(c)(3), each recipient or subrecipient must retain the following, as found in 24 CFR part 578.103(a)(5):

- Documentation of the original incidence of domestic violence, dating violence, sexual assault, or stalking, only if the original violence is not already documented in the program participant's case file.

This may be written observation of the housing or service provider; a letter or other documentation from a victim service provider, social worker, legal assistance provider, pastoral counselor, mental health provider, or other professional from whom the victim has sought assistance; medical or dental records; court records or law enforcement records; or written certification by the program participant to whom the violence occurred or by the head of household.

- Documentation of the reasonable belief of imminent threat of further domestic violence, dating violence, or sexual assault or stalking.

This may be written observation by the housing or service provider; a letter or other documentation from a victim service provider, social worker, legal assistance provider, pastoral counselor, mental health provider, or other professional from whom the victim has sought assistance; current restraining order; recent court order or other court records; law enforcement report or records; communication records from the perpetrator of the violence or family members or friends of the perpetrator of the violence, including emails, voicemails, text messages, and social media posts; or a written certification by the program participant to whom the violence occurred or the head of household.

## *Program Participant Records*

In addition to evidence of "homeless" status or "at-risk-of-homelessness" status, recipients and subrecipients must keep records for each program participant that document the following:

- The services and assistance provided to the program participant, including evidence that the recipient or subrecipient:
  - conducted an annual assessment of services for program participants who remain in the project for more than a year,
  - adjusted the service package accordingly, and

- provided case management services not less than once per month to program participants receiving rapid re-housing, as provided at 24 CFR part 578.37(a)(1)(ii)(F).
- In cases of termination of assistance, the recipient or subrecipient complied with the regulation at 24 CFR part 578.91.

### ***Annual Income***

For each program participant who receives CoC Program housing assistance when rent or an occupancy charge is paid by the program participant, recipients or subrecipients must keep the following documentation of annual income:

- Income evaluation form specified by HUD and completed by the recipients or subrecipients;
- Source documents (e.g., most recent wage statements, unemployment compensation statements, public benefits statements, bank statements) for the assets held by the program participants and income received before the date of the evaluation;
- To the extent that source documents are unobtainable, written statements by the relevant third-parties (e.g., employer, government benefits administrator) or written certification by the recipients' or subrecipients' intake staff of the oral verification by the relevant third-party of the program participant's income over the most recent period; or
- To the extent that source documents and third-party verification are unobtainable, written certification by the program participants of the amount of income that the program participants are reasonably expected to receive over the 3-month period following the evaluation.

## **3.5 Confidentiality of Records**

In addition to meeting the confidentiality and security requirements for HMIS data, and the standards described in Section 2.3 of this user guide, the recipients and subrecipients must develop and implement written procedures to ensure:

- All records containing protected identifying information of any individual or family that applies for and/or receives CoC Program assistance will be kept secure and confidential.
- The address or location of any family violence project assisted with CoC Program funds will not be made public, except with written authorization of the person responsible for the operation of the project; and
- The address or location of any housing of a program participant will not be made public, except as provided under a pre-existing privacy policy of the recipient or subrecipient and consistent with State and local laws regarding privacy and obligations of confidentiality.

## **3.6 Period of Record Retention**

All records containing information related to CoC Program funds and activities must be retained and kept accessible for either 5 years or the period specified below, whichever is longer. Copies of records may be substituted for original records.

- Program participants' qualifications, eligibility documentation, and other program participant records must be retained for 5 years after expenditure of all funds from grant under which program participants were served.

- Records for acquisition, new construction, and rehabilitation must be retained for 15 years following the date the project is first occupied, or used, by program participants. Only those records related to the acquisition, rehabilitation, or new construction must be retained for 15 years. All other records must be retained for the period of time specified above.

### 3.7 Access to Records

HUD, the HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, have the right of access to all books, documents, papers, or other records of the recipients and subrecipients that are pertinent to the CoC Program grant for purposes of conducting audits, examinations, and transcripts.

In addition to HUD access, the recipients must provide citizens, public agencies, and other interested parties with reasonable access to records regarding the use of CoC Program funds received during the preceding 5 years, consistent with State and local laws regarding privacy and obligations of confidentiality and confidentiality requirements.

### 3.8 Reports

In addition to the reporting requirements at 24 CFR parts 84 and 85, the recipients must collect and report data on their use of CoC Program funds in an Annual Performance Report (APR) and any additional reports required by HUD. For more information on the APR, see [HUD's APR Training Materials](#).

Projects receiving grant funds only for acquisition, rehabilitation, or new construction must submit APRs for 15 years from the date of initial occupancy or date of initial service provision, unless HUD provides an exception under 24 CFR part 578.81(e).

According to 24 CFR part 578.33(f), HUD may terminate the renewal of any grant and require the recipient to repay the renewal grant if:

- The recipient fails to submit an APR in a timely manner for the grant year immediately prior to renewal; or
- The recipient submits an APR that HUD deems unacceptable or that shows non-compliance with the requirements of the grant and the CoC Program interim rule.

## 4. GRANT AND PROJECT CHANGES

---

Significant and minor changes to a project are sometimes necessary during the term of a CoC Program grant. Whenever it is necessary to make changes, the HUD field office must be involved – either to be informed of the change or to approve the change through a significant grant amendment, depending on the scope. This section of the guide describes the procedure articulated in 24 CFR part 578.105 for requesting a grant agreement amendment to change a project. Recipients may not request an amendment to a grant before the grant agreement has been signed.

### 4.1 Significant Grant Amendments

Neither recipients nor subrecipients may make any significant changes to projects without prior HUD approval as evidenced by grant amendments signed by HUD and the recipients. Significant changes substantially affect project implementation and represent a departure from the initial application.

A written request for a significant grant amendment must be made directly to the local HUD CPD field office, which will review the request, to approve or reject the amendment. Recipients and subrecipients are prohibited from proceeding with any changes unless HUD provides written approval.

### *UFAs and CoCs with One Recipient*

For CoCs with only one recipient, significant changes are defined as:

- A change of recipient;
- A shift in a single year of more than 10 percent of the total amount awarded under the grant from one approved eligible cost category to another;
- A permanent change in subpopulation served by any one project under the grant; and
- A permanent reduction in the total number of units funded under the grant.

### *CoCs with More Than One Recipient*

For CoCs with more than one recipient, significant changes include:

- change of recipient(s);
- change of project site;
- addition or elimination of eligible costs approved for a project;
- shift of more than 10 percent of from one approved eligible cost category to another;
- permanent change in subpopulation served by any one project under the grant; and
- permanent reduction in the total number of units funded under the grant.

### *Approval Criteria*

- HUD will not approve requests for a change in recipient unless the new recipient meets the capacity criteria described in either the NOFA under which the grant was awarded or the most recent CoC Program NOFA.
- HUD will approve a shift in funds or change in subpopulations only if such changes are necessary to better serve eligible persons within the CoC's geographic area and if the change supports priorities established under the CoC Program NOFA in which the grant was originally awarded or the most recent CoC Program NOFA.

## **4.2 Minor Changes**

Minor changes from the approved grant do not substantially affect grant implementation. An example of a minor change is a shift of less than 10 percent of CoC Program funds from one approved activity to another over the term of the grant. Minor changes do not require HUD approval. However, the recipient and subrecipients must notify the field office of these changes in order to update the budget in LOCCS. Recipients and subrecipients must fully document minor changes to an approved grant or project in their records.

## 5. PERFORMANCE REVIEWS AND SANCTIONS

---

All recipients and subrecipients are subject to HUD monitoring at HUD's discretion. In addition, recipients are required to monitor their subrecipients. As part of the terms of a grant agreement, recipients and subrecipients certify that HUD has the authority to monitor as it deems appropriate. This condition should also be included in subrecipient agreements. Monitoring allows HUD and recipients to assess performance, compliance, and program/project progress. Actions that HUD and recipients may take to review and provide feedback on grant performance are described below.

### 5.1 Performance Reviews

HUD will review performance of each recipient in carrying out its responsibilities under the CoC Program interim rule, with or without prior notice to the recipient. Recipients should also incorporate these methods into their monitoring process when reviewing their subrecipients performance.

#### *Documentation for Performance Reviews*

Performance reviews will rely primarily on information obtained from:

- Records and reports from recipients and subrecipients;
- Information from on-site monitoring;
- Audit reports;
- Information from HUD's financial and reporting system (e.g., LOCCS and e-snaps);
- HMIS; and
- Other relevant sources (e.g., citizen comments, complaint determinations, and litigation).

#### *Determination of Non-Compliance*

If HUD determines that a recipient or subrecipient is not complying with a program requirement, it will issue a notice of such determination and provide an opportunity for the recipient or subrecipient to demonstrate compliance within a specific timeframe and with substantial facts and data. As an example, after a HUD monitoring, officials may provide written notification of noncompliance in an area through a monitoring letter which outlines the "Finding." In the notification, HUD may establish a deadline for recipients or subrecipients to provide additional information or make changes to a project in order to clear the Finding, at which time HUD will deem the recipient compliant with the identified deficiency.

If a recipient determines that a subrecipient is not complying with a program requirement, it should issue written notice of the determination and provide an opportunity for the subrecipient to demonstrate compliance. If the subrecipient is not able to demonstrate compliance, the recipient must take appropriate actions to ensure compliance in order to avoid receiving a HUD preliminary determination notice.

To ensure ongoing and future compliance, HUD may require the recipient to submit payment requests and supporting documentation manually when seeking HUD approval to draw down funds. Failure to demonstrate satisfactory compliance may result in remedial actions and, potentially, sanctions, as described below.

## 5.2 Remedial Actions and Sanctions

HUD and recipients may impose remedial actions and sanctions for failure to meet a program requirement in an effort to prevent a continuation of the deficiency, to mitigate its adverse effects or consequences, and to prevent its recurrence. If a recipient determines that a subrecipient is not complying with a program requirement or a subrecipient agreement, the recipient must perform one of the remedial actions set forth below or respond to one of the sanctions.

The following sections describe remedial actions and sanctions that may be taken or imposed by both HUD and/or recipients.

### *Remedial Actions*

Remedial actions as described at 24 CFR part 578.107(b)(1) may include the following:

- Developing and following a schedule of actions for carrying out project activities and projects affected by non-compliance, including schedules, timetables, and milestones;
- Establishing and following a grants management plan that assigns responsibilities for carrying out remedial actions;
- Canceling or revising project activities or projects likely to be affected by non-compliance before expending associated grant funds;
- Re-programming grant funds not yet expended for given activities or projects to eligible costs or projects;
- Suspending funds disbursement;
- Reducing or terminating a subrecipient's remaining grant funds and re-allocating funds to other subrecipients or returning funds to HUD; and
- Requiring matching contributions to be made before or in conjunction with draws being made from the recipient's grant.

### *Sanctions*

Sanctions, as defined at 24 CFR part 578.107(b)(2) through (9), may include the following:

- Changing method of payment to reimbursement;
- Suspending payments to preclude the further expenditure of funds for affected projects or activities;
- Continuing the grant with a substitute recipient of HUD's choosing;
- Denying matching credit for all or part of the cost of the affected activities and requiring further matching contributions;
- Requiring the recipient to reimburse its line of credit in an amount equal to the funds used for the affected activities;

- Reducing or terminating the remaining grant;
- Imposing conditions on a future grant; and
- Imposing other legally available remedies.

### 5.3 Deobligation of Funds

Regulations at 24 CFR part 578.107(d) allow HUD to deobligate funds for the following reasons:

- Failure to meet timeliness standards in 24 CFR part 578.85;
- Delays in completing construction activities that affect the expenditure of other funds for other activities during the remaining term of the grant;
- Costs for acquisition, new construction, or rehabilitation that are less than the total cost agreed to in the grant agreement;
- Actual annual leasing, operating, supportive services, rental assistance, or HMIS costs that are less than the total cost agreed to in the grant agreement for a 1-year period;
- Failure to move program participants into units within 3 months of units' availability for occupancy; and
- Other circumstances set forth in the grant agreement.

## 6. CLOSEOUT

---

HUD formally closes out grants when a project is completed. HUD uses the same process when projects are terminated or no longer funded by HUD or when recipients discontinue a project. The closeout process includes notification from HUD communicated to the recipient through various methods, such as via written notice (postal mail or email) or telephone.

HUD's grant closeout requirements are described at 24 CFR parts 84 and 85 and in other procedures established by HUD. Recipients must submit all reports required by HUD no later than 90 days from the date of the end of the project's grant term. Obligations remaining at closeout must be covered by the terms of the close-out agreement.

The closeout agreement, which will be prepared by HUD in conjunction with the recipient, must include the following information:

- Identification of closeout costs or contingent liabilities subject to payment with CoC Program funds after the closeout agreement is signed;
- Identification of unused grant funds to be deobligated by HUD;
- Identification of any program income on deposit in financial institutions;
- Description of the recipient's responsibility after closeout for compliance with all program requirements related to the use of program income and remaining CoC Program funds; use of real property; use of personal property purchased with CoC Program funds; and compliance with requirements governing project income received subsequent to grant closeout; and
- Other provisions appropriate to any special circumstances of the grant closeout.