

ESG Monitoring 101

Homeless Initiatives

MaineHousing

Who are we monitoring:

MaineHousing is monitoring all shelters that utilize Emergency Solutions Grant (ESG) Funding administered through the Emergency Shelter and Housing Assistance Program (ESHAP). This includes all ESHAP subrecipients and each individual project being funded with ESHAP funds. ESHAP funding is made up of State HOME funds, State general funds, and most important, Emergency Solutions Grant (ESG) Federal funds.

In total, MaineHousing is monitoring 39 emergency shelter projects located as far south as Sanford in York County up to Fort Kent in Aroostook County.

What we are monitoring:

Three areas of compliance:

1. ESG and ESHAP Compliance.
2. ESG Financial Compliance (operations expenses, stabilization expenses).
3. Physical inspections to HUD HQS (Housing Quality Standards)*.

*Note these inspections are being conducted by the Asset Management Dept. at MaineHousing.

Where we are monitoring:

- ▶ Half of monitoring efforts will consist of a desk audit: In office, we will examine for compliance with ESG/ESHAP funds and the Maine Homeless Solutions Rule:
 - ▶ Policies
 - ▶ Financial Control
 - ▶ Previous monitoring findings
 - ▶ Performance
- ▶ We may request more documentation if necessary before, during and after the monitoring visit.
- ▶ In subsequent years, monitoring activities will look different. We will not need to reexamine policies from year to year unless it is warranted.

Where we are monitoring:

- ▶ The other half of the monitoring process will take place on-site, and include:
 - ▶ Opening meeting to discuss the monitoring process and immediate findings and concerns from the desk audit
 - ▶ A financial audit of a previous quarter of the program year being monitored (not necessarily at the same time as the program audit)
 - ▶ A file review from the program year being monitored. The number of files will depend on the number of clients served with a VI-SPDAT in 2016.
 - ▶ A physical bed count and inspection of required public postings. The physical bed count will be based on the most recent Housing Inventory Count (HIC).
 - ▶ Physical inspection of the property to HUD Housing Quality Standards (not necessarily at the same time as the program audit)

When are we monitoring:

- ▶ Monitoring will occur throughout the program year. Each shelter will be monitored at least once a year.
 - ▶ Shelters will be given a minimum of 30 days notice
 - ▶ On-site monitoring should not last longer than one day, depending on the size of the shelter. Visits may last longer depending on any immediate findings or concerns monitoring staff may have.
 - ▶ All shelter projects, regardless of location, will be visited.

Why we are monitoring:

- ▶ First, we have to. As the main recipient and pass through for ESG funding in the state, it is our responsibility to make sure funds are utilized appropriately and in compliance with ESG rules in regulations.
- ▶ Second, to minimize risk to the entire ESG funding in the state. Some shelters rely on ESG funds for the majority of their funding, and loss of these funds could have a devastating impact in areas that are already considered underserved.
- ▶ Third, to protect individual shelters if HUD decides to come audit an ESG funded program. ESG regulations are complicated and not always straightforward. MaineHousing as the pass through for the funding interprets the regulations and wants to be able to provide as much guidance and technical support as our funded shelters need to be in compliance with ESG funding.
- ▶ Finally, to reduce long-term homelessness in the state. The ESHAP program will only work if it is being administered correctly. Appropriate utilization of funds will help get the right people to the right (and limited) resources.

How we are monitoring:

- ▶ Risk Assessment:

We will be conducting a multi-year risk assessment to determine future risk to the ESG program and to inform future monitoring activities. Shelters that score high on the assessment may have a more intense monitoring process than shelters who score low.

- ▶ Application Review:

Reviewing submitted policies for ESHAP compliance (ESG/Maine Homeless Rule)

- ▶ Data & Security:

Reviewing data submissions, performance and subrecipient data security.

- ▶ Financial Review:

Review of subrecipient financial policies, procedures and internal control, as well as an audit of the financials from a previous quarter in the last program year.

- ▶ Client File Review:

A review of a minimum number of files based on clients served with a VI-SPDAT. Verifying that coordinated entry is being utilized, clients are being made aware of their rights, and we are matching clients to the right resources.

- ▶ Facility Tour:

Verifying the HIC, documenting that all necessary posted policies are posted.

- ▶ Physical Inspection:

Physical inspection of all shelter properties funded with ESHAP funding.

Final Notes

- ▶ Monitoring should be a collaborative process with the agency and MaineHousing working together. We are not trying to “catch” anyone doing anything wrong, rather we want to help strengthen all ESG funded programs and protect future ESG funding in Maine.