

**OCS Spring Webinar Series
Track 3: Managing Your Grant**

Monitoring

May 9, 2013

Operator: Good day everyone. And welcome to the Monitoring conference call.

Today's conference is being recorded.

At this time I would like to turn the conference over to Lara Malakoff. Please go ahead ma'am.

Lara Malakoff: Welcome to the 2013 CD Spring Webinar Series hosted by OCS.

This webinar series provides you with a variety of live online presentations related to grant administration reporting, best practices, lessons learned and other topics of interest.

I am Lara Malakoff of ICF International. And I'm joined here today by Harold Taylor from the Office of Community Services.

This webinar is being recorded and you will be able to access the full webinar as well as a PDF of the slides on the OCS Community Development web site.

We will be taking questions on the phone at the end of the presentation or you can submit a written question via Live Meeting at any time during the presentation to be answered during the Q&A session.

You can also utilize the Feedback button in the menu to let us know if you need the presenter to speed up or slow down.

Now I will turn it over to Harold to provide an introduction and to introduce our speaker today.

Harold Taylor: Thanks for joining us this afternoon. Today's presentation we'll discuss the Grantee Monitoring Site Visits Process.

Webinar will provide information about grantee selection for site visits as well as the process and requirements leading up to and during and after the site visits.

We are pleased to have Mitchell Greene on the line with us today to walk you through the process of monitoring site visits and important things to keep in mind if you are notified that you will be selected for a site visit.

Mitchell Greene is the founder of the Growth Group, LLC, a small business community and economic development consulting company.

The firm was established in 2005 and provides organizational and business development consultation services to nonprofits, business owners and governmental entities.

Greene previously served as the Program Director for the Greater Newark Business Development Consortium. In this capacity Mr. Greene served as a Loan Officer as well as

developed and conducted Entrepreneurial Training Programs for urban entrepreneurs. He also provided a procurement in technical assistance services to the organization's clients.

Prior to that Mr. Greene served as the Project Director for the New Jersey Statewide Minority Business Development Center.

A graduate of Morehouse College and North Carolina Central University of Law, Mr. Greene has been professionally involved in leading law and small business development for over 30 years.

Thank you Mr. Greene for joining us today, and I'd like to pass it over to Mr. Greene.

Mitchell Greene: Thank you Harold and hello everyone. Whenever Harold gives an introduction I just think - I hear that last line and I think I'm getting old but that's okay. That's okay.

The purpose of our presentation today is just to give you the grantees an opportunity to get a feel for the monitoring visit process.

The process is ongoing during this fiscal year. I've been on a number of visits already this year. And I have quite a few more to do.

And the first thing I want to say to everyone is it is not, I repeat, it is not an audit. What we're trying to accomplish with these visits is to get an opportunity to get out into the field and get a bird's eye view of all the things that you're doing, the challenges you're facing, the successes you are having, and get a better understanding of how our office can be more value to you, the grantee.

I stress that because so many times people are under the impression that we are looking for things wrong. We're not. We're really looking to see what actually is.

We read your grant applications. We look at your reports. And this is the third year of me doing this and inevitably I am surprised when I get out to a site what I see is very different than what I envision. And that's a positive.

So with that in mind I'd like to go forward, help you folks get a feel for the selection process, the documentation process, the visit, what it entails, what happens after the visit and maybe some of the leading issues that we focus in on, okay?

This slide as an introduction is a concise restatement of what I've previously stated. And just refer to that and be clear that it is not an inquisition. It is a gathering of facts, best practices, and strategies.

The grantees this year were selected on a - by a number of different factors. We are taking a look this year at the grantees who are undertaking healthy food financing initiatives. We're taking a look at grantees that have done some very, very, very special things. And we're also taking a look at grantees that have some challenges. Often times not of their own doing.

Different types of organizations, different types of programs. My background, I've done a lot of different things in a lot of different manners and I'm look - I'm approaching this process as these are nonprofits that are trying to provide service to a significant disenfranchised population. And these services have to be provided with often times minimum resources.

With that in mind I'm looking to see how creative you are as grantees and how your creativity is allowing you to leverage your funding into enhanced service for your clients.

The grant award amount, many of the grants - grants range in awards of course. And that is a factor that is considered. I often times like to look at grantees that have significant exposure, have multiple grants and the like.

And we also are charged with finding out if you are a grantee with - who has had technical assistance in the past; we want to see what the impact of that was on your service provision.

And I'm trying to get to every part of the country where there are grants funded, programs funded and with that in mind I was told I can't go to Hawaii and I can't go to Alaska.

So if you're not in two of those states you're fair game.

Sending out - we notify you that you are going to be visited by sending out a letter at a minimum of 30 days prior to the site visit. We're trying to get them out a little earlier simply because coming into the summer months we know that you have vacation schedules and the like.

And we have a little bit of flexibility in terms of rescheduling. But I'll be quite honest with you, between June and September of this year it's going to be pretty difficult to rearrange.

So I've got - we've got site visit letters out through the end of June, if you - and you will receive it electronically. If you haven't received one notifying you of a site visit in June, if you're scheduled for July, you will receive that letter in the next couple of weeks. I will certainly try to get out as many as I can as quickly as I can.

After the letter has been sent out depending on my schedule I try to notify the authorizing official by phone to follow-up, acknowledge receipt the letter. Often times, grantees notify me right away which is great.

And then we try to coordinate schedules so that we can have a pre-site visit agenda conference. I send out a proposed agenda. And we tweak it to make certain that what we want to get accomplished can get accomplished. And it's not overly disruptive for you the grantee. And you get an opportunity to convey to us everything we - everything you want us to be aware of.

Your responsibility as a grantee is laid out on this slide and there's nothing heavy duty. We do ask for certain information upfront. We like to get it in advance of the site visit. That is primarily because it allows us, the Program Specialist, the OCS monitor, it allows us to hone in on what needs to be honed in on and we don't lose a lot of time on the visit requesting documentation that may have been needed much more quickly.

This is a general listing of docs that need to be submitted to us at least 20 days prior to the site visit. There is some wiggle room in that arena. Most grantees that I visited pull the documentation together and send it over to me electronically. That seems to work best.

The 20 days from point of view is not hard. If you can - if it's a situation where, listen, we can get it to you ten days before the site visit, that's fine. Don't worry about that.

Just let me know what's going on and I will work with you. I certainly will try to accommodate your timeframe.

Let me go back to this slide. I'm sorry.

This first group is important. If you can provide that at a minimum you've got a real leg up in terms of making this - making the visit - in terms of expediting the visit. This gives the monitor an opportunity to just get a better feel for certain things and also helps in terms of putting us in a position where we can begin to focus in on problem areas as well as things that make us realize there's some good things going on.

Next slide reflects some other documentation that's needed. We really focus in on documentation of permanent full time positions. Documentation of businesses created. And that can take various forms. And documentation of how the dollars that you've received, the CED funds that you have received can be - have been leveraged or will be leveraged to reach outcomes.

Again this is the listing of some other things. Of these four the methodology used to measure outcomes is very important and a copy of your general ledger. Most grantees on the site visit provide a real time general ledger upon our arrival at the site.

The following slides list some docs that may need to be provided. It won't be the case in all cases but if you have them, it is better to have them ready as opposed to not having them ready.

Those of you who have used funds to acquire fixed assets over a certain dollar amount, we are very anxious to know if in fact you filed your Notice of Federal Interest. That often - I'll say often times, is something that hasn't been done by a grantee. Sometimes it's unclear to grantees whether that is in fact necessary.

What I would encourage you to do if you do have a question about that, contact your Program Specialist as quickly as you can so that issue can be resolved either way.

The other listings, reconciliation procedures, your procedures for funds drawdown, asset management procedures, written code of conduct for employees that are involved in the grant and procurement procedures need to be at the ready.

An additional list, somewhat self-explanatory; often times I'm asked why are the most recent Board of Director Meeting Minutes required. It's for a couple of reasons. But it's primarily so that

we can verify that your Board is constituted, is meeting and is organized in the manner that your Articles of Incorporation and Bylaws said that it would be at the time of application.

The visit in and of itself, again I can't stress this enough. We are trying to find out what success you've had in creating the jobs. Whether they're full time jobs and whether these jobs are filled. How many of these jobs are filled by low income individuals.

The more documentation that you can produce to support the job creations, who is filling the jobs, the retention rate, the better; different organizations do it different ways. There are a number of effective ways to do that. But that's documentation that if you don't have, one it's a red flag; and two, it's going to be problematic for you down the road as you move closer to trying to reach - as you try to reach your goals going forward.

If grant funds have been used to enhance, build-out, construct a physical site and a warehouse, a solar plant, a restaurant, then we like to take a visit to that site even if it's not complete, even if the ground hasn't been broken. We like to see that there's site control and if development has begun. We like to see at what stage you are so that we can make certain that's what in your report is consistent with what we can see empirically.

Probably the most rewarding part of the trip from my standpoint is getting an opportunity to meet you, the staff. Meet your clients and meet your Board members.

I've gained so much insight into best practices, value, problem strategies just from conversations with those parties. Please keep that in mind. I ask that if you are scheduled for a site visit, please if at all possible give me an opportunity to talk with at least one or two of your Board members. They are real assets and they are looking at the project often times in a somewhat different manner, in a manner somewhat different than the way you the staff person may be.

If you are a lender or if you're serving clients and you want us to talk to some employees, please feel free to make them available if they're willing. A number of the visits I've been on have been significantly enhanced by me having an opportunity to speak with the clients because invariably the client reveals through what they say or what they're doing the value you, the grantee, has had in their lives and the lives of their family and that's very, very, very important.

Again we're looking for job creation. We're looking for the use of leveraged dollars. We want to make sure you are adhering to third party agreements.

If there's intangible property involved we want to see what it is and we want to see what the value is. If the funds were used to make a loan or equity investment we want to make sure that the documentation of that is in place and it is in fact an investment in a project that will result in job creation.

If equipment has been purchased by grant funds then we want to see that equipment and we want to make sure that it is secure. If real property has been purchased with grant funds we want to see that real property and we want verification that it was - that grant funds were used to either purchase it or assist in the purchase of it. If construction, renovation has been done we want to verify that and again the proof of Notice of Federal Interest has to be discerned.

We're going to take a look at your financial management system. We're going to look at your methods for making payment.

We're going to look that you're in compliance with satisfying cost sharing rules, any program income issues that there may or may not be.

If you've requested a budget revision or if you have embarked on activity that was inconsistent with your original budget we want to make sure that you had authorization to do so. We want to

make sure that all costs are allowable and we do that randomly. And we want to see if fund availability - what the level of fund availability is.

After the site visit, the site visit - let me back up a bit. The site visit normally runs one and a half to two to two and a half days depending on complexity.

After the site visit is - at the conclusion of the site visit, I like to conduct a one or two hour debrief and often times doesn't take that long just talking about my preliminary findings and gathering information from you, the grantee, as to what your concerns may be, what your needs may be, what your next steps are going to be, where you are with the project in summation so that I can gather that information and take it back to the folks in Washington so they're clear on where you are.

Once I submit my report to them which I must submit within 30 days of the site visit, they issue a compliance letter with findings to you. If you're nonresponsive within 30 days a follow-up letter is submitted. And 90 days after the site visit OCS staff will be following up with you regarding progress and outcomes.

The major compliance issues, the failure to document participant eligibility. Yes, Mitch we've created jobs but they're not for low income individuals, problematic.

Failure to file Notice of Federal Interest or properly dispose of assets at the conclusion of the grant period; inadequate financial systems; no written financial program for drawdown, procurement and the like and no written procedural instruments in place.

And the last one is certainly the most significant, failure to create jobs.

Yes, we all know that the economy has been in a tailspin and it significantly impeded hiring, sales, all the things that go into job creation. However what we are looking for is the strategies that you are using to create these jobs, have they failed because you have failed to properly implement them or have they failed simply because the strategy turns out not to be a viable one due to economic conditions? And there is a difference.

If you're having success and you're meeting your job creation goals and you're exceeding them we are very interested in finding out what you are doing to create that kind of success because we want to pass that information onto similarly situated grantees so that some of those practices can be replicated.

That's the gist of my presentation. I'm receptive to questions at this time. And I'll just standby.

Lara Malakoff: All right, thanks so much Mitch. And thank you to all of the folks that have called in for this webinar.

Again as I mentioned, you'll be able to access a recording of this webinar as well as a PDF on the OCS Community Development web site. And we'll also send that out via email to anyone who has participated.

So now as Mitch mentioned we will open up the lines for questions. Again you can ask a question in two ways; you can either submit a written question via Live Meeting. And if you do that please change your feedback status from green to purple to let us know that you have a question.

You can also ask a question on the phone and you do that by pressing star 1 on your phone. And it'll put you into the queue to ask your question.

But if your question is answered before we get to you, please remove yourself from the queue by pressing star 2.

And the Operator will get you on the line to ask your question.

And then as - if you think of any further questions after we conclude this webinar you can also feel free to email those to us at ocsregistrar@icfi.com and we will make sure we pass those onto Mitch as well.

So with that, Operator do we have any questions on the line?

Operator: Yes we do. Our first question comes from Tanja Lux.

Lara Malakoff: Okay, great.

Operator: Tanja your line is open.

Tanja Lux: So we are new grantees and not familiar with the Notice of Federal Interest. Can you give us some insight on that?

Mitchell Greene: Sure. What what does your project entail Tanja?

Tanja Lux: A building and Open Air Latin market.

Mitchell Greene: Okay. Are you building it from ground up?

Tanja Lux: Going to be a rehab of an existing building.

Mitchell Greene: Okay. And how much do you anticipate? What's the construction budget? What's the amount?

Tanja Lux: Well \$2.2 million total.

Mitchell Greene: No. In terms of your organization, who are you - what's the name of your organization so I don't call your organization?

Tanja Lux: Sure. Hacienda CDC.

Mitchell Greene: Okay. How much of the CED dollars are you using for the build?

Tanja Lux: All of it. I mean close to \$800,000.

Mitchell Greene: Okay, that's fine. And you would have an interest in the building, you'd have partial ownership. Correct?

Tanja Lux: Correct.

Mitchell Greene: Okay. You would - because of the amount you would be required to file a Notice of Federal Interest on that property.

Tanja Lux: Okay.

Mitchell Greene: What I would encourage you to do is talk specifically with your Program Specialist as to what that entails and what the process is and when that notice has to be filed.

I'm assuming - has build-out - has construction started yet?

Tanja Lux: No. No, it has not.

Mitchell Greene: Okay, you do have some time. But what I would do is encourage you to talk with the Program Specialist so that you have a timeframe that they're comfortable with in getting that filed.

Tanja Lux: Okay, great. Thank you.

Harold Taylor: And I would like to step in. I would just like to step in and concur with Mr. Greene and say that he is absolutely correct. Any time you're spending at least \$150,000 of OCS money or Community Economic Development money there is Federal (Reserve)'s, you know, interest created. And you have to file a Notice of Federal Interest with your local real estate organization there. And what we call a Federal Interest is actually created. And the Reversion of Interest is what we call it too as well is created in that project.

Tanja Lux: Okay.

Harold Taylor: And so I just wanted to reiterate that point.

And then also too I want to point that you definitely want to make sure that Notice of Federal Interest is filed and talk with your, like Mitch said, talk with your Program Specialist to make sure that that Notice of Federal Interest is filed with OGM and with the right person.

Tanja Lux: Okay, very good. Thank you.

Lara Malakoff: Okay. And it looks like we do have a couple questions that came in on the Live Meeting so I'll read off one of those now.

This one looks like it's related to the leading issues that you mentioned Mitch and specifically related to the first one on the list which is failure to document participant eligibility.

And so the question is self-reporting income level okay for this?

And then is there a standard form to fill out with this income or are there other kinds of documentation that you need?

Mitchell Greene: That's a good question and a fair one. Self-reporting often times may be what you have. However what I would encourage you to do in situations such as that is yes, indicate that it is self-reported and also provide an address for the employee so that it can be verified that they reside - their primary residence is in fact in a low income census track.

If in fact they are receiving public assistance I would make that part of their file as well. Not for - not to be intrusive but just to support the fact that yes, this person is of limited financial - is in a limited financial position and would qualify as a low income person on a number of different levels in addition to them self-reporting that.

There is not a specific form that I've seen. Different agencies require different documentation for the purposes of the CED grant. I would say just being able to present evidence that could be - information that could be corroborated and would be supportive of the person's position and the grantee's position that this person is a low income individual.

Lara Malakoff: Okay, thanks. And do we have any other questions on the phone?

Operator: Yes we do. Our next question comes from (Jeet Van).

(Jeet Van): Hi.

Mitchell Greene: Hello.

(Jeet Van): I have two questions for you. You can call me (Jay) but my two questions are does unemployment - is unemployment considered low income? Like say that, you know, you go to the Unemployment Office and it's like people they've been on unemployment for like, you know, like 18 months. Would they go under the low poverty level because they are receiving assistance from the government?

Mitchell Greene: I'm going to be honest with you. Subjectively I would say no, that wouldn't be...

(Jeet Van): Okay.

Mitchell Greene: ...the case. However and I'm hedging only because there are plenty of people that do fall into that - that were - that have fallen into the long term unemployed that have certainly fallen below the poverty level.

What I would encourage, if - what I would encourage you to do, we're not speaking - the number of jobs that are being created by most of these grants, we're not talking about hundreds of individuals. We're talking about several.

I would just encourage you to be able to demonstrate to the agency that listen this is the situation that they're in. This is why we feel they are low income. And let the decision be made on a case-by-case basis if there's a question.

To be quite frank with you I can only remember one or two times in over 30 visits where I had my doubts as to someone saying they were a low income employee. I had my doubts about it.

And so I don't see it. And grantees have done a very good job in most cases of saying listen, we can support this based on this. This person came to us from a referral from this agency that does this in our community.

In order to get to this agency you have to be no higher than a certain economic threshold.

(Jay), do you follow what I'm saying?

(Jeet Van): Yes. Yes, because I'm...

Mitchell Greene: Okay.

(Jeet Van)They - you know they're all over. And they have people on for such a long time and...

Mitchell Greene: That they fall. Yes.

(Jeet Van): Yes. And they're running out of their money. So that was my question, and like they're running out of (it).

(Crosstalk)

Mitchell Greene: And that...

(Jeet Van): But they still have it and so they're not considered low income but it's not going to last forever.

Mitchell Greene: No. No, no, no. That's fair. That's fair. That's fair.

(Jeet Van): Okay. And my second question is because I'm a prospective. I'm actually applying for the upcoming season for the CED.

And my next question is I didn't see anything when I was looking through the application. But my second question is there like a link that we have to pay them at because I really feel like paying \$7 an hour for my particular service is not going to be feasible.

So is there a marker which we have to pay them at? Like do we have to pay them at minimum wage?

Mitchell Greene: I'm a little confused by your question. Are you saying do you have to pay them minimum wage?

(Jeet Van): Yes. And this is the grant and low income. Do you know what I mean? Because once - you know if you pay them a certain amount they would no longer be considered low income depending on how much money they make for my business that I'm starting?

Do you follow me?

Mitchell Greene: I do. I do and I don't think this is the form where...

(Jeet Van): Okay, I'm sorry.

Mitchell Greene: I think there's some. No, that's okay. No, no, I'm not saying it like that. I'm just saying so much of it depends on what you're going to have them doing and I don't think you need to disclose that at this point.

(Jeet Van): Yes.

Mitchell Greene: What part of the country you're located in. What the job market is like in that part of the country.

Do you see where I'm going?

I - you know the general rule is...

(Jeet Van): Okay. So a lot of other factors, okay.

Mitchell Greene: Yes. The general rule is if you're not paying minimum wage it's not a viable full time job.

(Jeet Van): Okay. Okay.

Lara Malakoff: All right. And we'll turn now to another question that came in in the Live Meeting.

This one, we are working on a Fiscal Year 2012 CED grant. And as that grant begins creating jobs are there best practices you can recommend for documenting eligibility of hires? Is there a guide for documentation or best contact to ask questions about the process?

Mitchell Greene: And you - the question to that is generally yes. What I would really encourage a grantee in that situation to do is to huddle with the Program Specialist. And see what the Program Specialist feels is best.

And I'm saying that because I have no idea what this project looks like at this point or anything like that. And I don't want to say do this, this, this and this and this and it may not make sense in your situation.

I think that's a question that could be better answered by a Program Specialist.

Lara Malakoff: Okay. And do we have any more questions over the phone?

Operator: Yes. We have a question from Michael Harrison. Please go ahead sir.

Michael Harrison: Good afternoon. My name is Michael Harrison and I'm with Riley Area Development Corporation in Indianapolis, Indiana.

And we were fortunate enough to receive a significant grant from OCS. This is our fourth grant over the last eight or ten years.

My question has to do with notification of potential visits. We're undergoing a transition. Our Executive Director will be leaving here in the next two weeks, retiring.

So I need to find a way to determine whether or not we've received any kind of a visit notice. He's been out of the office for the last two and a half weeks so I guess...

Mitchell Greene: Okay.

Michael Harrison: ...what I could do is obviously go to his email but anything short of that, just kind of notifying you that one, he won't be here; and two, we need to have a change of address for anything that's forthcoming to Riley.

Mitchell Greene: Okay. I'll do you better than that. You're not King Park Area Development Corporation?

Michael Harrison: No we are not sir.

Mitchell Greene: Okay. I'm just going through the list. And you're clear at least till the end of September.

Is that fair enough?

Michael Harrison: That's fair enough. I appreciate it. Thank you very much.

Mitchell Greene: Okay. And, you know, even though I'm a Knicks fan, I still like Indianapolis so.

Michael Harrison: Well I'm an Indianapolis fan and I like Knicks.

Mitchell Greene: Okay, okay, okay, okay. All right, but no, you're not on the list this year.

Michael Harrison: All right, thank you very much.

Mitchell Greene: You're very welcome. Good luck to you.

Michael Harrison: Thanks.

Lara Malakoff: And so now we could turn to another question on the phone if there are any.

Operator: And there are no further questions on the phone. But that is star 1 if you'd like to ask one.

Lara Malakoff: Okay. Well with that if there are no further questions on the phone and I - oh it looks like we just got another question in the Live Meeting.

And this is related to an earlier question. And let me see if I can (read this). Is the Statement of Income signed by the client sufficient for eligibility determination?

Mitchell Greene: I'm sorry Lara. Could you state that one again? You broke up on me just a bit.

Lara Malakoff: Sure. And I'm looking at this and I believe there must be a typo. The question is self-activation Statement of Income signed by client, is that sufficient for eligibility determination?

Mitchell Greene: I would think in my opinion and Harold please weigh-in on this, feel free to weigh-in on this, in my opinion I would want that corroborated by something that the grantee has implemented to verify that. What efforts the grantee has made to verify the low income status of that individual.

Harold Taylor: Yes, I agree with that Mitch. We agree with that here at OCS. I mean they - the grantee should definitely have a, what we call a Memorandum of Understanding with a local service, Social Service Agencies. And in that Memorandum of Understanding they talk about how they're going to verify income eligibility and the process of determining it.

Lara Malakoff: All right, great. Well with that I think we are all out of questions. So I think that will conclude our webinar.

Again if you think of any further questions after the webinar feel free to email us at ocsregistrar@icfi.com and that email address is on your screen and we will make sure to get those questions over to Mitch.

So I think with that we will conclude our call.

Mitchell Greene: Okay, fair enough. Good luck to everyone.

Operator: And that concludes today's teleconference. Thank you for your participation.

END