



U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Los Angeles Field Office, Region IX
300 N Los Angeles Street Suite 4054
Los Angeles, California 90012

JUN 18 2019

Cecil Rhambo, City Manager
City of Compton
205 S Willowbrook Ave
Compton, CA 90220

Dear Mr. Rhambo:

SUBJECT: Community Development Block Grant Program (CDBG), HOME
Investment Partnerships Program (HOME)
B-17-MC-06-0515, M-17-MC-06-0506
Fiscal Year 2019 Monitoring
August 5 - 9, 2019

This letter confirms the scheduled monitoring visit for the above-referenced grant during the time period of August 5 – 9, 2019. Glen Bae, Senior Community Planning and Development Representative, will conduct the review. The monitoring review will begin with an entrance conference on August 5 at 10:00am. The purpose of this entrance conference will be to explain how the monitoring will be conducted, confirm key program participant staff that will assist during the monitoring, confirm meeting or interview times, and verify the programs/activities to be reviewed.

The specific areas to be reviewed are as follows. Please note that all monitoring Exhibits referenced in this letter are on HUD's web page and can be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hud-clips/handbooks/cpd/6509.2

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Eligibility and National Objectives

The purpose of this review is to ensure compliance with the eligibility and national objective requirements at 24 CFR 570.201 and 570.208, respectively. The following CDBG activities will be reviewed:

- IDIS Activity 1439: Fire Engine
- IDIS Activity 1365: Residential Street Reconstruction
- IDIS Activity 1033: Building Conservation Program
- IDIS Activity 992: Brownfield Revitalization Program

Monitoring of this area will be conducted using the following monitoring Exhibits:

- Exhibit 3-2 - Guide for Review of National Objective of Low- and Moderate-Income Area Benefit

Overall Management

The purpose of this review is to determine if the City of Compton has developed systems and procedures for ensuring that CDBG funds are used in accordance with program requirements. As a part of this evaluation, we will review written procedures describing its management of the CDBG program, including the tracking of individual program activities and documenting of program accomplishments. Monitoring of this area will be conducted utilizing the following monitoring Exhibits:

- Exhibit 3-17 - Guide for Review of Overall Management Systems

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Homebuyer Projects and Programs

The purpose of this review is to determine whether the appropriate documentation has been maintained by a recipient or subrecipient for individual project a records of HOME-funded homebuyer projects. The following HOME activities will be reviewed:

- IDIS Activity 1436: FTHB - Elias
- IDIS Activity 1435: FTHB - Buck
- IDIS Activity 1437: FTHB - Williams

Monitoring of this area will be conducted using the following monitoring Exhibits:

- Exhibit 7-6 - Guide for Review of Homebuyer Programs
- Exhibit 7-5 - Guide for Review of Homebuyer Projects

FINANCIAL MANAGEMENT

Financial Management

A Financial Management review is designed to assess the grantee's conformity to financial management requirements. The City of Compton's financial management system will be reviewed for compliance with Subpart J, Grant Administration. It will also be reviewed for compliance with 2 CFR Part 200, Subpart E, which provides guidance on determining the allowable costs of programs administered by State and local governments. A limited review of administrative costs, in particular, including staff, overhead and travel expenditures, for compliance

with this rule will be conducted. Monitoring of this area will be conducted utilizing the following monitoring Exhibit:

- Exhibit 34-1 - Guide for Review of Financial Management and Audits

We would appreciate setting aside office workspace and to have the files and staff readily available for HUD staff to conduct the on-site monitoring. We would appreciate setting aside office workspace and to have the files and staff readily available for HUD staff to conduct the on-site monitoring. Additionally, due to the limited time available for the on-site monitoring the City of Compton is requested to provide some information prior to the review. Please provide the following documents no later than July 19, 2019.

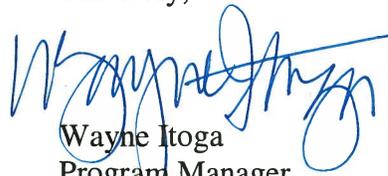
- Written agreement between the PJ and State recipient, subrecipient, or contractor, if applicable
- Copies of the HUD income limits for the years being monitored
- Consolidated Plan or annual action plan with description of resale or recapture guidelines adopted by the PJ
- Sample written agreement between the program administrator and developer and/or homebuyer
- Deed restriction or covenant running with the land for projects being monitored
- Worksheet or form that shows how the affordability period was determined for projects being monitored
- Project budget, cost estimates, work write-ups, draw requests, or written agreement that specifies anticipated costs
- Work write-up and draw requests and/or project plans and specifications
- Inspection reports or forms
- Program policies and procedures that describe: 1) The applicable PJ property standards and codes for acquisition, new construction, rehabilitation; 2) recapture/resale provisions for homebuyer projects 3) income-eligibility determinations of homebuyers or homeowners Sources and uses of funds and subsidy layering review for above rental projects
- Backup documentation to support IDIS Vouchers: 6133437, 6164775
- Audited Financial Statements with the Management Letter for the year ending June 30, 2018
- Management Plan that addresses/resolves any Findings identified in Compton's Single Audit Report, if applicable, for the most recently completed program year.
- Chart of Accounts identifying account codes to include HUD awards.
- Organizational Chart.
- Job Descriptions of Staff charged to both the CDBG and HOME awards.
- Financial Management/Accounting policies and procedures.
- Financial/Accounting records showing the comparison of expenditures with budget amounts for CDBG and HOME 2017 HUD awards; financial/accounting records that adequately identify the source and application of funds containing information on 2017 HUD grant awards, authorizations, obligations, unobligated balances, assets, expenditures, program income and interest.

- Procurement policies and procedures
- Listing of procurement transactions completed during 2017
 - HUD will select a sample from this listing and will need to see records detailing the history of these procurement transactions.
- List of equipment acquired, managed and disposed with HUD funds for HUD programs
 - “equipment” is defined at §200.33 as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the recipient for financial statement purposes, or \$5,000
 - HUD will select a sample from this list and will need to see records detailing the history of these equipment acquisitions.

There will be an exit conference subsequent to the monitoring event. The exit conference will provide an overview and preliminary results of the monitoring session.

We look forward to meeting with you and your staff during this visit. If there are any questions, please contact Glen Bae, Senior Community Planning and Development Representative at 213-534-2564 or glen.k.bae@hud.gov.

Sincerely,



Wayne Itoga
Program Manager
Office of Community Planning
and Development