

§511.80

only the Rental Rehabilitation Program. (HUD still has the authority to conduct an audit or to contract with an independent public accountant to conduct an audit of the grant. However, HUD must pay for the audit.)

(2) When the previous audit(s) fail to cover all grant amounts under the Grant Agreement, the program may still be closed out, provided the grantee agrees in writing to remit to HUD any costs questioned by a subsequent audit that are disallowed by HUD. This procedure is expected to be used in those cases when both the grantee and HUD want to proceed with the closeout before the next periodic single audit is conducted covering the remaining grant amounts not already audited.

(d) With respect to monitoring the grantee, either:

(1) The HUD Field Office has conducted an on-site monitoring of the grantee and has determined that the grantee's performance, with respect to any grant to be closed out, is satisfactory and is in compliance with Rental Rehabilitation program statutory and regulatory requirements, including §511.10(a) and §511.10(b); or

(2) A grant may be closed before on-site monitoring has been conducted, provided:

(i) The Cash and Management Information reports indicate the grantee's performance is satisfactory and is in compliance with Rental Rehabilitation program statutory and regulatory requirements;

(ii) There are no outstanding monitoring findings; and

(iii) The grantee agrees in writing to pay back the amount of any costs that are later found by HUD to be ineligible based on a subsequent on-site monitoring review or audit.

(Approved by the Office of Management and Budget under control number 2506-0080)

[55 FR 20050, May 14, 1990, as amended at 58 FR 52567, Oct. 8, 1993; 61 FR 7062, Feb. 23, 1996]

24 CFR Ch. V (4-1-04 Edition)

Subpart I—Grantee Performance: Review, Reporting and Corrective or Remedial Actions

§511.80 Performance review.

(a) *General.* HUD will review the performance of grantees in carrying out their responsibilities under this part whenever determined necessary by HUD, but at least annually. In conducting performance reviews, HUD will rely primarily on information obtained from the grantee's and, as appropriate, the State recipient's records and reports, findings from on-site monitoring, audit reports, and information generated from the C/MI System. Where applicable, HUD may also consider relevant information pertaining to a grantee's or State recipient's performance gained from other sources, including citizen comments, complaint determinations and litigation. Reviews to determine compliance with specific requirements of this part will be conducted as necessary, with or without prior notice to the grantee or State recipient. Comprehensive performance reviews under the standards in §511.80(b) will be conducted after prior notice to the grantee.

(b) *Standards for comprehensive performance review.* Grantee performance shall be comprehensively reviewed periodically, as prescribed by HUD, to determine:

(1) For grantees that are units of general local government or States administering their own rental rehabilitation grant programs, whether the grantee:

(i) Has carried out its activities in a timely manner, including the commitment of rental rehabilitation grant amounts to specific local projects in accordance with the schedule contained in its Program Description, as provided in §511.20(b)(8), and the completion of projects in accordance with §511.11(a);

(ii) Has carried out its activities in accordance with the requirements of this part; and

(iii) Has a continuing capacity to carry out its activities in accordance with this part and in a timely and cost-effective manner; or

(2) For grantees that are States distributing rental rehabilitation grant

amounts to State recipients, whether the State:

(i) Has distributed these grant amounts in a timely manner and in accordance with the requirements of this part; and

(ii) Has made such reviews and audits of its recipients as may be appropriate to determine whether they have satisfied the requirements of paragraph (b)(1)(i) through (b)(1)(iii) of this section.

[55 FR 20050, May 14, 1990, as amended at 61 FR 7062, Feb. 23, 1996]

§ 511.81 Grantee reports to HUD.

(a) *Management reports.* Grantees shall submit management reports on their Rental Rehabilitation Program in such format and at such time as HUD may prescribe.

(b) [Reserved]

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[55 FR 20050, May 14, 1990, as amended at 61 FR 7062, Feb. 23, 1996]

§ 511.82 Corrective and remedial actions.

(a) *General.* HUD will use the procedures in this section in conducting the performance review as provided in § 511.80(a) and in taking corrective and remedial actions.

(b) *Performance review.* (1) If HUD determines preliminarily that the grantee has not met the performance review standards in § 511.80, the grantee will be given notice of this determination and an opportunity to demonstrate, within the time prescribed by HUD and on the basis of substantial facts and data, that it has done so.

(2) If the grantee fails to demonstrate to HUD's satisfaction that it has met the performance review standards in § 511.80, HUD will take appropriate corrective or remedial action in accordance with this section.

(c) *Corrective and remedial actions.* In formulating appropriate corrective or remedial actions for performance deficiencies, HUD will take one or more of the actions specified in paragraphs (c)(1), (c)(2), and (c)(3) of this section. The action chosen will be designed to prevent a continuation of the deficiency; mitigate, to the extent pos-

sible, its adverse effects or consequences; and prevent its recurrence. In addition to these actions, HUD will take the action specified in paragraph (c)(4) of this section, when paragraph (c)(4) of this section is applicable.

(1) HUD may request the grantee to submit and comply with proposals for action to correct, mitigate and prevent performance deficiencies, including:

(i) Preparing and following a schedule of actions for carrying out the affected rental rehabilitation activities, consisting of schedules, timetables and milestones necessary to implement the affected activities;

(ii) Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;

(iii) Cancelling or revising activities likely to be affected by a performance deficiency, before expending grant amounts for the activities;

(iv) Reprogramming rental rehabilitation grant amounts that have not yet been expended from affected activities to other eligible activities; and

(v) Suspending disbursement of grant amounts for affected activities for a period of not more than 60 days.

(2) [Reserved]

(3) When HUD determines that a grantee has failed to meet one or more of the requirements of this part, HUD may reduce or withdraw rental rehabilitation grant amounts, or take other action as appropriate, except that rental rehabilitation grant amounts already expended on eligible activities will not be recaptured from existing grant allocations or obligations or deducted from future grants made available to the grantee. For purposes of paragraph (c)(3) of this section—

(i) *Grant amounts already expended on eligible activities* includes all grant amounts that have been disbursed under this part for eligible activities, and

(ii) *Other action as appropriate* means any remedial action legally available, including, without limitation, affirmative litigation, such as suits for declaratory judgment, specific performance, temporary or permanent injunctions, and any other available remedies other than those for recovery of money.