

## CHAPTER 9

### EMERGENCY SHELTER GRANTS (ESG) PROGRAM

- 9-1 APPLICABILITY. This chapter provides guidance for comprehensive monitoring of the Emergency Shelter Grants (ESG) Program. The ESG program awards funds, on a formula basis, to state governments, large cities, urban counties, and U.S. territories for the purpose of providing homeless persons with basic shelter and essential supportive services. ESG funds are available for the rehabilitation or remodeling of a building used as a shelter, operations and maintenance of the facility, essential supportive services (i.e., case management, physical and mental health treatment, substance abuse counseling, and childcare), homeless prevention, and grant administration.

All grantees, except territories, are required to match their ESG funds with funds from other sources. Urban counties and metropolitan cities must match their ESG grant funds dollar for dollar. State grantees are required to match all but \$100,000 of their ESG grant funds. These matching amounts can come from the grantee or its subgrantees and can consist of funds from other federal, state, or local sources and/or the value of non-cash resources provided to supplement the program, such as donated buildings, supplies and equipment, volunteer services, and staff costs not covered by ESG grant funds. Territories and local governments that receive ESG funds may carry out the program directly and/or subgrant all or part of their ESG funds to private nonprofit organizations to carry out eligible program activities. States receiving ESG funds cannot carry out program activities directly, but must subgrant all of the ESG funds they receive, except for up to 5% of the grant for administration costs, to units of general purpose local government and/or private nonprofit organizations to carry out the program.

- 9-2 PREPARING FOR MONITORING. The specific ESG program areas or requirements to be monitored are determined as part of the risk assessment process (see additional guidance provided in Chapter 2). Before monitoring, the reviewer should be familiar with both the ESG program requirements and the design and operation of the participant's ESG program, particularly any area(s) that have been identified as high risk or that are the subject of the monitoring. Whether monitoring on-site or assembling materials for a remote monitoring, reviewers will need specific items to successfully monitor a participant's ESG Program.

Resources required for monitoring include:

- the implementing statute, Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act (42 U.S.C. **11371** et seq);
- the ESG regulations at **24 CFR 576**;
- most recent approved Consolidated Plan Annual Action Plan;
- grant agreement and any HUD-approved ESG waivers;
- Integrated Disbursement and Information System (IDIS) activity accomplishment and draw information; and

- latest approved Consolidated Annual Performance and Evaluation Report (CAPER).

9-3 FILE SELECTION AND SAMPLING. As described in Chapter 2, the risk analysis process will be used to determine which ESG grantees and areas should be reviewed. Once that process has been completed, where it is indicated that a file review is necessary to answer Exhibit questions, the HUD reviewer should consider the following factors when determining the specific files that will comprise the review sample:

- A. Where feasible, initial file selection should be made using a random selection method.
- B. The reviewer would consider adding more files to this selection in order to:
  - i. Include a file or files from each staff person working in the respective program area being monitored;
  - ii. Expand the sample, if possible, to include additional files with the same characteristics, if indicated by the severity or nature of any problems(s) noted during the initial selection's review (for example, same problem category, same staff person, same activities or other characteristics). This expanded sampling aids in determining whether problems are isolated events or represent a systemic problem.
- C. The reviewer may also add files to the selection from any project that the HUD reviewer has reason to believe may have compliance problems or that is substantially different in terms of size, complexity, or other factors from other projects the grantee has funded.