

CDBG-DR Monitoring Policy



**DEPARTMENT OF HOMELAND SECURITY AND
EMERGENCY MANAGEMENT**

This policy is effective as of 3/20/2026 and may be updated periodically to reflect program implementation and evolving guidance from the U.S. Department of Housing and Urban Development (HUD).

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I. PURPOSE AND SCOPE

Purpose: The purpose of the CDBG-DR Monitoring Policy is to ensure that funded activities comply with eligibility and program requirements, financial controls, procurement rules, cross-cutting federal requirements, and record-keeping standards. This policy applies to all CDBG-DR activities, whether carried out directly by the State, administered by subrecipients, or supported via contractors.

DHSEM will apply a structured, risk-based monitoring approach to both State-administered activities (housing programs) and subrecipient-administered activities (infrastructure programs). Monitoring ensures accountability, prevents fraud, waste, and abuse, and supports program integrity from award through closeout and required long-term compliance periods.

Scope: This policy applies to:

- State-administered programs, including housing, mitigation, and resilience activities.
- Subrecipient-administered infrastructure programs.
- Contractors, consultants, and vendors performing grant-funded work.
- Internal program units with responsibilities related to compliance, financial management, documentation, and project delivery.

Monitoring activities will vary depending on the delivery structure, program requirements, and risk level for each program and financial framework. DHSEM is responsible for overseeing this policy. Monitoring activities may be performed by state personnel, contractor staff, or through a combined approach.

II. BACKGROUND

The New Mexico Department of Homeland Security and Emergency Management (DHSEM) administers Community Development Block Grant – Disaster Recovery (CDBG-DR) funds awarded by the U.S. Department of Housing and Urban Development (HUD). These funds support long-term recovery, mitigation, and resilience activities for communities affected by declared disaster events. This policy establishes DHSEM’s framework for ensuring monitoring is consistent, risk-based, and documented in a manner that supports accountability, transparency, and responsible stewardship of federal recovery and mitigation funds.

DHSEM administers multiple program types identified in the New Mexico CDBG-DR Action Plan (2024 Disasters), including:

- New Mexico Home Recovery Program
- Post Disaster Infrastructure Investment Program
- Disaster Resilience Planning Program

III. POLICY STATEMENT

Monitoring is mandatory for all funded activities, recipients, and program partners. All monitored entities must:

- Provide full access to required documentation and systems.
- Cooperate with desk reviews, on-site reviews, remote reviews, and performance monitoring.
- Maintain accurate and complete records that support compliance and eligibility determinations.
- Respond to monitoring results within required timelines.

Noncompliance with the financial and program requirements may result in corrective actions, escalations, temporary payment suspensions, or enforcement measures, up to and including fund recapture or contract termination.

Monitoring activities are conducted independently of program delivery functions. Staff responsible for monitoring do not participate in day-to-day program administration or decision-making, and program staff do not direct, influence, or override monitoring conclusions.

IV. DEFINITIONS

Term	Definition
CDBG-DR	Community Development Block Grant – Disaster Recovery.
[CDBG-DR] Action Plan	The planning document required by HUD that describes the State of New Mexico’s strategy for storm recovery including information on programs and the allocation of CDBG-DR funding. The opportunity for citizen review and input on the proposed plan and associated amendments is part of the required plan and amendment development process.
DHSEM	New Mexico Department of Homeland Security and Emergency Management.
HUD	U.S. Department of Housing and Urban Development.
Monitoring	

V. SCOPE OF WORK AND EVALUATION CRITERIA

A. Monitoring Framework

Monitoring will be performed through scheduled and risk-based activities. Monitoring ensures compliance with HUD requirements and alignment with program intent as defined in the Action Plan narrative. The framework aligns with:

- Program eligibility requirements
- National Objective compliance (Action Plan Section 2.2)

- Duplication of Benefits requirements (Action Plan Section 6.2)
- Environmental review standards (Action Plan Section 6.3)
- Procurement requirements under 2 CFR 200 (Action Plan Sections 6.4–6.6)

Monitoring will be conducted through one or more approved methods based on program structure and risk:

- Desk and remote/virtual reviews
- On-site monitoring reviews
- File reviews and sampling
- Construction oversight and progress validation (as applicable)
- Subrecipient monitoring per 2 CFR 200.331–.337

B. Program-Specific Monitoring Approach

Monitoring activities will vary by program structure:

1. Housing Programs (State-Administered)

Monitoring activities will include the verification of:

- Eligibility and primary residence documentation (Action Plan p. 66)
- Compliance with duplication-of-benefits rules (Action Plan p. 53-54)
- Cost reasonableness and builder invoicing
- Inspections and construction progress
- Closeout documentation and long-term compliance

2. Infrastructure Programs (Subrecipient-Administered)

Monitoring activities will include verification of:

- Use of funds for eligible public infrastructure activities (Action Plan p. 78-80)
- National Objective compliance (LMI Area Benefit)
- Environmental review completion prior to commitment
- Procurement and contract management documentation
- Construction completion, performance, and closeout compliance

3. Resilience Planning Programs

Monitoring activities will include verification of:

- Eligibility of planning activity (Action Plan p. 89-90)
- Alignment with mitigation and recovery goals

- Public engagement and accessibility compliance
- Deliverable completion and documentation of outcomes

C. Risk-Based Approach

An annual risk assessment will guide monitoring prioritization and define the frequency, methodology, and scope for each program activity. Risk factors may include:

- Compliance history.
- Financial exposure.
- Project size and complexity.
- Staffing or capacity constraints.
- Procurement methods used.
- Expenditure rate and financial trends.
- Prior audit and monitoring results.

For newly established programs or first-time recipients of CDBG-DR, initial risk designations may reflect program startup conditions and the need to validate the establishment and consistent execution of required frameworks, rather than identified deficiencies.

Risk levels and monitoring approaches will be reassessed at least annually, informed by monitoring results, changes in regulatory or HUD guidance, significant operational or staffing changes, financial indicators, or other material factors that may affect program risk.

Results will be documented in the Annual Monitoring Plan.

D. Reporting Expectations

Following each monitoring engagement, DHSEM will issue a written monitoring report to include:

- Purpose, objectives, and scope of monitoring.
- Activities and documents reviewed.
- Identified findings, concerns, and observations, including recommendations.
- Required corrective actions and deadlines.
- Follow-up and escalation procedures, as applicable.

Responses must be submitted within the established timeframes.

VI. ROLES AND RESPONSIBILITIES

Successful implementation of monitoring protocols under the CDBG-DR programs for DR-4795 and DR-4843 depends on a clearly defined structure of roles and responsibilities at the state, local, and federal levels. These responsibilities must be carried out in accordance with HUD guidance, federal administrative law, and the approved New Mexico Action Plan.

Stakeholder	Roles & Responsibilities
New Mexico Department of Homeland Security and Emergency Management (DHSEM)	Lead agency responsible for overall program monitoring, ensuring compliance with HUD and state requirements.
Subrecipients and Contractors	Obligated to cooperate with monitoring activities, provide necessary documentation, and implement corrective actions as directed.

VII. COMPLIANCE & ENFORCEMENT

Enforcement measures may vary depending on the entity type and severity of noncompliance. Measures may include:

- Corrective Action Plan requirements.
- Technical assistance.
- Withholding or suspending reimbursements.
- Formal compliance notices.
- Fund recapture.
- Contract termination or other legal action.

Escalation decisions are management’s responsibility and are informed by the monitoring team’s professional judgment and documented assessment of the risk exposure. Management evaluates the supporting rationale and determines the appropriate level and method of escalation according to the nature, severity, and risk implications of the noncompliance.

VIII. CONFLICTS OF INTEREST AND MODIFICATIONS

To maintain the highest standards of integrity, all stakeholders, including DHSEM staff, subrecipients, contractors, and partners, must adhere to strict conflict of interest guidelines and the Conflict of Interest Policy.

Individuals involved in the decision-making or procurement processes must disclose any personal or financial interests that might influence their objectivity in fulfilling fair housing objectives. This requirement is crucial to ensuring that all actions taken under the Monitoring Policy are impartial and align with the principles of fairness and equity. Regular training will reinforce these standards and help identify and address potential conflicts proactively.

This policy will be reviewed at least annually or whenever a significant change is needed. It will be updated as necessary to include regulatory updates, program modifications, or feedback from audits and monitoring.

IX. DOCUMENTATION & RECORDKEEPING

DHSEM will retain all monitoring documentation in accordance with federal retention requirements and make records available upon request to HUD or other oversight entities.

X. REFERENCES

The authority for making changes, requesting waivers, and approving modifications in the CDBG-DR program is based on the following federal and state requirements:

Executive Order, Federal and State Laws and Regulations	Description
The Housing and Community Development Act of 1974 (HCDA)	Landmark U.S. legislation that revolutionized urban development by creating the Community Development Block Grant (CDBG) program, consolidating multiple urban renewal initiatives.
The Robert T. Stafford Act	The primary U.S. federal law governing how FEMA and other agencies provide disaster assistance to state, local, and tribal governments. It authorizes the President to issue emergency or major disaster declarations, triggering federal financial and physical aid.
Uniform Guidance (2 CFR 200)	Comprehensive federal rulebook from the Office of Management and Budget (OMB) setting unified standards for administrative requirements, cost principles, and audit rules for all non-federal entities (like universities, non-profits, state/local governments) receiving federal funds (grants/awards).
24 CFR 570	Governs the administration of the CDBG program.
Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice (90 FRN 4759) (FR-6512-N-01)	Allocates CDBG-DR funds for 2023 and 2024 disasters, outlining waivers and requirements for using these federal recovery funds for housing, infrastructure, and economic aid in impacted areas.
Universal Notice (90 FRN 1754)	A standardized rulebook for using CDBG-DR funds, creating consistent processes, waivers, and timelines for disaster recovery to speed up aid after presidential disasters by streamlining grant application (Action Plan) and fund distribution.

HUD Community Planning and Development (CPD) requirements	Requirements focus on developing viable communities by providing decent housing, suitable living environments, and expanding economic opportunities, primarily for low- and moderate-income individuals.
New Mexico CDBG-DR Action Plan (2024 Disasters)	Developed in accordance with HUD guidance and approved by the Department, outlines the program’s activities, beneficiaries, and anticipated outcomes. The Action Plan and its amendments serve as the operational blueprint for the use of funds and include state-level commitments to transparency, accountability, and citizen engagement.