

CHAPTER 12 -- PROJECT MONITORING

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CHAPTER 12

PROJECT MONITORING

I. OVERVIEW:

- Recipients of CDBG financial assistance are responsible for administering their CDBG projects in accordance with all applicable state, federal, and program requirements. The Department has the responsibility to ensure that CDBG recipients are carrying out their projects in accordance with these requirements.

II. PURPOSE OF PROJECT MONITORING:

- **Project monitoring is the Department's primary method for determining whether a project is in compliance with the state, federal, and CDBG requirements.**
- **It is the Department's overall goal to assist and support CDBG recipients in complying with these requirements and in successfully implementing their project activities from start-up through closeout of the project.**

Montana CDBG staff do this by giving assistance and support to each local project by means of:

- providing training during the CDBG grant administration workshop required of all grantees;
- on-going assistance in response to requests from local projects;
- project monitoring through regular, frequent contacts with each CDBG-funded project; and
- conducting on-site project monitoring visits during the course of a project to review the work done by local projects.

During the course of the CDBG project, the Department will monitor each local CDBG project and grant recipient through regular contacts (phone, e-mail and mail) with the local Project Manager and through written progress reports. Local Project Managers are required to submit:

- **a Project Progress Report (see Exhibit 4-F)** -- with each request for drawdown of funds;
- **a Quarterly Update Report (see Exhibit 4-K)** -- 15 days before the close of each quarter; and
- **occasional special reports or project documentation** – when questions arise that require additional information.

These required reports are designed to provide CDBG with information and updates concerning project activities, progress on objectives and upcoming activities related to:

- all items in the scope of work as listed in Section 5 of the CDBG contract
- items in the approved project Management Plan;

- milestones in the approved project Quarterly Implementation Schedule (as found in contract Attachment A);
- any problems the project may be encountering, especially in local project activities related to completing key CDBG requirements that are highlighted in the “requirements checklists” that are included as Exhibits in most of the chapters of this CDBG Grant Administration Manual.

In addition to reviewing the written reports from local projects, CDBG staff will also make periodic on-site visits to local projects and will call local Project Managers at least once a month -- so that any problems that might occur can be resolved as soon and as easily as possible.

Additional objectives of CDBG’s project monitoring process are to assure that CDBG grant recipients are:

- complying with CDBG specific requirements and other state/federal laws and regulations;
- carrying out their CDBG project activities as described in their applications and contracts;
- carrying out their project activities in a timely manner, in accordance with adopted project implementation schedules;
- charging only those costs to the projects which are eligible uses of CDBG funds and consistent with the approved project budget; and
- conducting the program in a manner that minimizes the opportunity for fraud, waste, and mismanagement.

As stated in Chapter 1 (Project Start-Up), CDBG recipients are required to:

- maintain complete financial and project activity files;
- comply with CDBG reporting requirements, and
- make their records available to authorized agents of state government:
 - Representatives of the Department must be provided reasonable access, during normal business hours, to all books, accounts, records, reports and files pertaining to CDBG-funded activities.
 - Under Montana law, CDBG recipients must also provide all citizens with reasonable access to records regarding the use of CDBG funds.

III. MONITORING PROCEDURES

In addition to reviewing information submitted with Quarterly Update Reports (Exhibit 4-K), Progress Reports (Exhibit 4-F) submitted along with each request for CDBG funds, **the CDBG liaison for your project will also schedule at least one on-site monitoring visit for each CDBG recipient.** MDOC will attempt to monitor projects in person and on-site twice if possible:

- once during project start-up (usually in conjunction with the pre-construction conference or other start-up meetings), and
- a second time, during the early phase of construction activities.

IV. ON-SITE PROJECT MONITORING

This is a structured review conducted on-site at the location(s) where project activities are being carried out and/or where project records are maintained. CDBG staff use a formal monitoring checklist, Exhibit 12-A, *CDBG Project Monitoring Guide*. Essential supplements to the *Monitoring Guide* are the requirements checklists that are included as exhibits at the end of several of the chapters of the CDBG Grant Administration Manual (see page 12-6 at the end of this chapter for a list of these checklist exhibits).

Prior to a monitoring visit, the CDBG liaison will contact the project manager concerning the timing and scope of the monitoring visit. Each on-site project monitoring visit usually involves a one or two-day visit to the community to:

- provide assistance and answer questions;
- review records;
- inspect the community's progress in completing the project activities; and
- meet with the Project Manager and local officials and with citizens involved in the project.

The *CDBG Project Monitoring Guide* covers the key requirements discussed in this manual and serves as the format for the CDBG staff's review of local projects. Exhibit 12-A is designed to parallel the organization of the chapters of this CDBG Grant Administration Manual and the project administration issues discussed in this manual.

Whenever possible, each on-site monitoring visit normally concludes with an "exit conference." The exit conference provides an opportunity to meet with local officials and staff to review and discuss any outstanding issues identified during the site visit, both positive and negative. As part of that exit conference discussion, the CDBG liaison will describe his or her tentative conclusions and indicate the level of concern (if any) that will be assigned to a particular issue and why. In particular, the CDBG liaison will discuss those issues that he or she intends to address in written monitoring comments.

In many cases, by thoroughly discussing a potential or actual problem, CDBG staff is able to determine that there is a reasonable explanation for a particular circumstance or question and will be able to help find a reasonable solution. Since the overall goal of the CDBG liaison is to assist CDBG recipients in achieving timely and effective grant management, every effort will be made to informally resolve or clarify minor monitoring concerns during the exit conference.

V. MONITORING REVIEW COMMENTS -- MONITORING LETTER / REPORT:

Within 30 days following the monitoring visit, the CDBG liaison will provide written monitoring review comments to the grant recipient in the form of a monitoring letter/report. At all times, the CDBG staff will offer any necessary technical assistance to CDBG recipients to avoid or resolve any monitoring findings. Copies of the letter/report will be sent to both the chief elected official and the project manager. The monitoring letter will contain the following general elements:

1. A description of each major area that the monitoring visit covered, files reviewed, CDBG staff person who conducted the review, and the date(s) on that which the on-site review occurred.
2. A brief description of any statutory or regulatory requirement at issue and an explanation of the documentation examined pertinent to the requirement.
3. The conclusions the reviewer has reached -- i.e., **Satisfactory Performance**, a **Concern**, a **Question of Performance**, or a **Finding**. (An explanation of these terms is given below).
4. A statement that describes the basis for the conclusion(s).

CDBG's monitoring letter and report will recognize and credit you for the satisfactory work and more than satisfactory work your project is doing. However, if the CDBG recipient's performance is found, during an on-site monitoring visit, to be less than satisfactory in some respects, there are potentially three levels that may be assigned to a particular issue:

Concern: When the CDBG liaison raises an issue that does not involve a statutory or regulatory requirement but may involve recommending a management or program improvement, it is considered a *concern*. (**Concern:** A modification of an administrative procedure or policy is suggested but is not required. No response by local officials is required.)

Question of Performance: If the monitoring review raises a question regarding whether a violation of a statutory or regulatory requirement has occurred, the CDBG liaison will first informally discuss the review results with local officials to determine if a violation has occurred. (**Question of Performance:** If a determination cannot be made during the exit conference, the CDBG staff may conclude that there is still a *question of performance* and request that additional information be provided within a 30 day time period in order for MOC to determine whether a violation has, in fact, occurred. A final determination regarding the issue under question will be made within 30 days of the grant recipient's response.)

Finding: When a monitoring review of a CDBG recipient's performance reveals a specific, identifiable violation of a statutory or regulatory requirement about which there is no question, the CDBG liaison will identify and state a *finding*. (**Finding:** A written response regarding the CDBG recipient's proposed actions to correct the situation

identified in a finding is required within 30 days of the date of the CDBG liaison's monitoring letter.) Corrective actions should be designed to:

1. Prevent a continuance of the violation;
2. Mitigate any adverse effects or consequences of the violation to the extent possible under the circumstances; and
3. Prevent a recurrence of the same or similar violation.

At all times, the CDBG staff will offer any necessary technical assistance to CDBG recipients to avoid or resolve any monitoring findings. There may be a number of acceptable solutions for resolving a violation. The CDBG recipient is allowed to respond to each problem with any reasonable and adequate solution of its choice. The Department will determine the adequacy of a corrective action.

CHAPTER 12

EXHIBITS

12-A CDBG Project Monitoring Guide

RELATED CHECKLISTS FOUND IN OTHER CHAPTERS:

1-G Project Start-Up Requirements Checklist

2-B.1 Environmental Review Requirements Checklist

3-H Checklist of Required Contract Clauses for Engineering, Architectural, and Grant Administration Services Contracts

3-I Procurement Checklist

4-C Instructions for "Request For Funds Form"

5-U Civil Rights Responsibilities Checklist

CH-6 Grantee Labor Standards Responsibilities (pages 6-9 to 6-19)

9-J Checklist for CDBG Review of Construction Bid Documents

9-M Construction Management Checklist -- Public Facility Construction and New Housing

13-A Project Completion Report: Instructions

EXHIBIT 12-A

MONTANA DEPARTMENT OF COMMERCE

CDBG PROGRAM PROJECT MONITORING GUIDE

Name of Grant Recipient

Contract #

Type of Project Economic Development
 Housing
 Public Facilities

Date(s) Monitored

Monitored By:

Local Project Manager

Address

Phone Number:

Persons Interviewed:

Compliance Areas

Check Areas Reviewed

- A. Project Management
- B. Environmental Review
- C. Procurement
- D. Financial Management
- E. Civil Rights Compliance
- F. Labor Standards Compliance
- G. Acquisition
- H. Relocation
- I. Construction Management
- J. Individual Housing Rehabilitation File Review
- K. Economic Development Project Administration.
CDBG-Economic Development (ED) Program
- L. Project Closeout and Audit Review

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A. PROJECT MANAGEMENT			
1. PROJECT DOCUMENTATION			
YES	NO	NA	
			a. Do the CDBG recipient's files contain a copy of the original CDBG application and all relevant supplementary materials (income or housing condition surveys map of project area, etc.)?
			b. 1) What was the benefit to low and moderate income (LMI) persons claimed in the original application? 2) What is the actual LMI benefit in the project?
			Comments:
			c. If LMI benefit claims were based on a local survey, are the original survey responses on file?
			Comments:
			d. Review the survey file. 1) Does the Grantee's survey data appear verifiable? 2) Is the documentation consistent with the CDBG guidelines, <i>Documenting Benefit to Low and Moderate Income Persons</i> ? 3) Does the survey data match up with the project area?
			Comments:
			e. Did the grantee's reports (Exhibit 4-F/Progress Reports and Exhibit 4-K/ Quarterly Update Reports) and communications to CDBG keep the CDBG Program staff informed of all important project activities and issues?
			Comments:
			f. Review CDBG's requirements checklists: Exhibit 1-G, Exhibit 2-B.1, Exhibit 3-I, Exhibit 5-U, Chapter 6 (page 6-7 and following/Labor Standards), Exhibit 9-M, and Exhibit 13-A. Identify (1) required documentation provided to CDBG and (2) additional documentation needed. NOTE: All CDBG-related records must be retained for <u>four (4)</u> years after final project closeout by MDOC, consistent with 24 CFR 570.502(a)(16).
			Comments:
2. PROJECT MANAGEMENT			
YES	NO	NA	
			a. Does the Grantee's record keeping system contain files for the topics suggested by CDBG (page 1-17 and following, CDBG Manual)?
			Comments:
			b. If so, is the system being used effectively and does the record keeping system appear adequate?
			Comments:

YES	NO	NA	
			<p>c. Do the CDBG recipient's files contain a copy of the signed MDOC-Grantee contract, all subsequent contract amendments and all relevant contract correspondence?</p> <p>Comments:</p>
			<p>d. Does the Grantee have a copy of the approved, current <u>Project Management Plan</u> and <u>Project Implementation Schedule</u> (= contract Attachment A) on file? Were they amended as necessary? Does the project manager have a copy of the applicable edition of the Montana CDBG Grant Administration Manual?</p> <p>Comments:</p>
			<p>e. Are project activities being carried out in the same (scope, schedule, and budget) as proposed in the original CDBG application -- or as subsequently approved by MDOC?</p> <p>Comments :</p>
			<p>f. How well were the Plan and Schedule followed?</p> <p>Comments:</p>
			<p>g. Based upon the on-site review, does the level of project implementation appear consistent with Project Progress Reports and Quarterly Update Reports?</p> <p>Comments:</p>
			<p>h. Based upon the on-site review, does it appear that the project will be completed in conformance with the approved implementation schedule in the grant contract? (If not, please explain how the situation will be resolved.)</p> <p>Comments:</p>
			<p>i. Review the <u>Citizen Participation</u> file. Note any public comments, inquiries, or complaints regarding the project. Were any problems identified or complaints received? If "yes" -- Did they receive responses within a reasonable time period (no later 15 days from receipt of the complaint, per Chapter 11)? -- Were the problems or complaints resolved promptly and satisfactorily?</p> <p>Comments:</p>

j. Is there documentation of compliance with Section 25 of the contract re Montana Workers' Compensation coverage? The Grantee accepts responsibility for requiring all contractors, subcontractors, and subrecipient entities to supply the Department with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. The proof of insurance/exemption must be in the form of workers' compensation insurance, an independent contractor exemption, or documentation of corporate officer status and must be received by the Department and must be kept current for the entire term of the contract.

Comments:

B. ENVIRONMENTAL REVIEW			
YES	NO	NA	
			1. a) Does the Grantee maintain a copy of the project's <u>Environmental Review Record</u> in its offices, available for public review? b) Is all documentation pertinent to the ERR submitted to MDOC/CDBG as part of the Request for Release of Funds (e.g., FONSI, proof of publication, Statutory Checklist, letters to agencies requesting comment) in the Grantee's local files? Comments:
			2. Does the local project file include a copy of the <u>Environmental Release of Funds (EROF) letter</u> issued by CDBG?
			3. Is there any additional pertinent environmental information in the Grantee's local project files (e.g., correspondence related to queries or challenges)? If yes, list and describe. Comments:
			4. a) Have any environmentally related complaints been received by the Grantee or CDBG as a result of project activities (such as site-specific environmental reviews for housing rehabilitation sites)? b) Are there any concerns regarding environmental review procedures used?
			5. Are project activities being carried out in the same geographic area as proposed in the original CDBG application or as subsequently approved by DOC?
			6. Does on-site monitoring of the project area reveal the existence of any hazardous sites or other environmental concerns that would question the validity of the Grantee's Environmental Review or that may require mitigating measures during project implementation?

			Comments:
			<p>7. Were there any substantial changes in the circumstances, magnitude or extent of the project that did or would necessitate further environmental review, a revised assessment, or a change in the level of finding of the review? <i>If yes to 7:</i> In the event that substantial changes have occurred in the project, is all necessary documentation, such as a revised assessment, change in finding, and new public notices, contained in the Grantee's updated ERR and in the project files?</p>

YES	NO	NA	
			8. Does on-site monitoring of the project area reveal the existence of any environmental concerns that may require (or did require) mitigating measures during project implementation? Comments:
			9. Does on-site monitoring of the project indicate any non-compliance with state or federal environmental laws or regulations? Comments:

C. PROCUREMENT (of Non-Construction Services)

1. MONITORING QUESTIONS FOR SAMPLED PROCUREMENT TRANSACTIONS

YES	NO	NA	
			<p>Check <u>non-construction</u> contracts entered into by the Grantee.</p> <p>Sample the documentation of at least one non-construction procurement. a) Did the Grantee's procurement files contain adequate written documentation of the procedures followed for the sampled procurement transactions? b) Did the procurement comply with current MDOC procedures? (See <i>CDBG Administration Manual, Chapter 3, Procurement.</i>)</p> <p>Comments:</p>

2. REVIEW OF GENERAL PROCUREMENT PROCEDURES

YES	NO	NA	
			<p>a. Has the Grantee ensured that no <u>conflict of interest</u>, real or apparent, exists with respect to any contract supported by grant funds?</p> <p>Comments:</p>
			<p>b. Have any apparent conflicts of interest occurred in contractor selection?</p> <p>If yes, describe the situation.</p>
			<p>c. Has the Grantee established procedures to assure ongoing review of contractor performance and contract expenditures during the term of any CDBG-funded contracts?</p> <p>Comments:</p>

3. PROCUREMENT REVIEW CHECKLIST – for NON-CONSTRUCTION SERVICES

This checklist may be used either for in-office or on-site reviews of procurement procedures. ...Skip this section if this was already reviewed in-office by CDBG staff prior to the on-site monitoring visit. Include documents from earlier review in the monitoring file...

Note: **Photocopy this checklist and complete it for each non-construction contract reviewed, including CDBG-funded professional services contracts such as grant management services (to be procured via RFPs) and architectural or engineering services (to be procured via RFQs).**

... Did the Grantee place the required appropriate contract language regarding civil rights in bid or RFP/RFQ documents and in all contracts? See Chapter 3, Procurement, Exhibit 3-F and Exhibit 3-G.

a. Name of Firm/Contractor	
b. Purpose of Contract	
c. Date of Contract	
d. Amount	

What type of procurement process was used? (Reference: Manual Chapter 3)

- (1) HUD's Small Purchase Procedure (2) Competitive Sealed Bid
 (3) Competitive Proposals (RFPs or RFQs) (4) Non-competitive Negotiation (Sole Source)

YES	NO	NA	(1) HUD'S SMALL PURCHASE PROCEDURE: (Page 3-12 ff, CDBG Manual)
			a) Was the small purchase procedure appropriate for the good or service being procured?
			b) Was the cost \$100,000 or less?
			c) Were price quotes obtained from more than one qualified source?
			d) Was adequate documentation of the procurement available?
YES	NO	NA	2) COMPETITIVE SEALED BID: Competitive sealed bidding is the standard procurement process followed for construction activities involved in CDBG public facility projects – not for non-construction services. (CDBG Manual, page 3-13 and following.) <u>Go to Section I of this Guide:</u> Review the bid and selection procedures for competitive sealed bids for all major construction contracts – as part of the monitoring review in Section I below.

YES	NO	NA	
			3) COMPETITIVE PROPOSALS: ___ RFP ___ RFQ
			a) Were competitive proposals appropriate for the goods or services being procured? ___ RFP ___ RFQ
			Comments:
			b) How many proposals were received from qualified sources?
			Comments:
			c) Did the Grantee adequately publicize the RFP or RFQ and honor reasonable requests to submit responses to the RFP or RFQ?
			Comments:
			d) Did the Grantee contact Disadvantaged Business Enterprises (DBEs) for proposals? e) If not, why not?
			Comments:
			f) Did the RFP or RFQ clearly identify all the major factors that were used to evaluate the responses and their relative weight in the selection?
			Comments:
			g) Were all the responses evaluated according to the written criteria established in advance?
			Comments:
			h) Did the grant recipient have a method for conducting technical valuations of the proposals received and for selecting the awardee?
			Comments:
			i) Did the grant recipient check references for the awardee?
			Comments:
			j) Did the grantee thoroughly document its selection process? Does the process used qualify as open and free competition?
			4) NONCOMPETITIVE NEGOTIATION (SOLE SOURCE): <u>Page 3-14 ff, CDBG Manual</u>
			Did DOC authorize sole source procurement as required? Date: _____
			... Did at least one of the following conditions apply?

YES	NO	NA	
			a) After solicitation from a number of sources, competition was determined to be inadequate? Comments:
			b) The items or services required were available only from one source? Comments:
			c) A public emergency existed such that the urgency would not permit a delay to use one of the other methods of procurement?
4. QUESTIONS CONCERNING THE GRANTEE'S PROCUREMENT TRANSACTIONS			
			a. Was/were the procurement transaction(s) conducted in a manner that provided maximum open and free competition (so that the procedures and description of technical requirements did not restrict or eliminate competition)? Comments:
			b. Were the methods used to advertise or solicit competition appropriate? Comments:
			c. Did the Grantee take affirmative steps to assure that small and minority businesses and women's business enterprises were solicited as a potential source of supplies, equipment, construction, or services? If so, please describe. If not, why not? Comments:
			d. Did the Grantee submit the contract for MDOC/CDBG's review, prior to entering into the contract? Comments: Date of review: Reviewed by:
			e. Do the contracts reviewed contain the clauses required by MDOC? (Use <i>Exhibit 3-F</i> , "Sample Format for a Professional Services Contract, of the CDBG Grant Administration Manual, for examples of the CDBG-required clauses for professional services agreements.) Also see Exhibits 3-H and 3-G Comments:

YES	NO	NA	
			f. If the contract was <u>not</u> reviewed previously by Montana CDBG staff, complete the checklist shown in the CDBG Administration Manual.
			g. Debarment checks: Did the CDBG grant recipient contact Montana CDBG prior to entering into contracts, to determine whether the contractors and subcontractors selected were listed by the state or federal government as "debarred contractors"?
			Date debarment checks were performed:
			h. Was a cost reimbursable and specified "not to exceed" compensation used? <i>NOTE: Cost plus a percentage of cost and percentage of construction cost <u>are prohibited.</u></i>

D. FINANCIAL MANAGEMENT

1. GENERAL ISSUES

YES	NO	NA	
			a. Did the Grantee receive assistance from the Department of Commerce or the Department of Administration (DOA) in establishing a financial management and record keeping system to account for all CDBG money in accord with Chapter 4 of the CDBG manual? Did the MDOC or DOA identify any concerns regarding the Grantee's financial management system? If yes, Have these concerns been satisfactorily addressed by the Grantee?
			Comments / date of visits:
			b. Is the grantee in compliance with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, MCA? (CDBG staff: Check with the Department of Administration's Local Government Assistance Bureau for information about the grantee's compliance with audit requirements.)
			c. Has the grantee established a financial accounting system that can properly account for grant funds according to generally accepted accounting principles? (Subgrantee Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.)
			Comments:
			d. Have any <u>entity-wide audits</u> or <u>CDBG/MDOC on-site monitorings</u> been conducted to date <u>during the term of the CDBG project</u> ? <u>If yes:</u> ... date of CDBG <u>monitorings</u> : <u> </u> / <u> </u> / <u> </u> and/or or dates of <u>audits</u> : <u> </u> / <u> </u> / <u> </u> ... If yes (audit), what firm or agency conducted the audit?
			Comments:

YES	NO	NA	
			n. Are CDBG funds deposited into: 1. the Grantee's central bank account? OR 2. a separate bank account for CDBG funds?
			o. Is the account interest-bearing? Comments:
			p. Are CDBG expenditures processed in the same manner as other Grantee expenditures?
			q. Does someone compare expenditures against budgeted line items in order to control overspending on the authorized budget? Who? Comments:
			r. Which individuals validate/authorize claims for payment for the Grantee? Insert Names/Titles:
			s. Which individuals prepare warrants for the Grantee? Insert Names/Titles:
			t. Is there sufficient separation of duties to ensure adequate internal control? (Note: Check grantee audits for any findings concerning internal fiscal control.) Comments:
			u. Are the public officials and employees involved in managing CDBG funds bonded as required by Montana law (2-9-701 and 2-9-801, MCA)? (Under A-87, any losses due to failure to bond local officials and employees are ineligible CDBG expenses.) Comments:
2. EXPENDITURE REVIEW			
a. Total amount of funds drawn to date per CDBG records: ... through CDBG Draw #: ____ (Date: ____ / ____ / ____) Total amount of funds expended per Grantee's records: Balance remaining per CDBG records: Balance remaining per Grantee's records:			
Amount of cash on hand, if applicable:			
b. Do Montana CDBG's financial records and the CDBG recipient's records for the amount of CDBG funds drawn down and received agree? _____ Comments:			

c. <u>Date of CDBG's authorization to incur administrative costs:</u> (These are "environmentally-exempt" administrative costs – i.e., those not requiring a CDBG environmental release of funds. CDBG Manual, Chapter 1, page 26)	
<u>Date of CDBG environmental release of funds letter:</u>	
<u>Effective date – for costs that can be incurred:</u>	

Note: Using the Project Expenditure Sampling Form (page 12A-17, below) of this monitoring guide, sample a reasonable number of expenditures from both Administrative and Activity budget categories. For administrative expenses incurred by local government staff, in particular, review staff payroll timesheets, telephone bills, and travel expenses to assure reasonable relationship to CDBG activities.

For the expenditures sampled:

YES	NO	NA	
			d. Were any ineligible expenditures charged against the grant <u>for the period prior to the authorization to incur administrative costs?</u>
			Comments:
			e. Were any ineligible expenditures charged against the grant <u>for the period between the authorization to incur administrative costs and the release of funds?</u>
			Comments:
			f. Were any ineligible expenditures charged against the grant <u>during the period following MDOC's release of funds?</u>
			Comments:
			g. Does a review of the following project expenditures (items 1-5, below) verify 1) that they are necessary and reasonable for administration of the CDBG project and 2) that they are eligible pursuant to OMB Circular A-87?
			1. Administrative service contracts (e.g., legal, accounting, audit, consulting)
			Comments:
			2. Salaries and related costs
			Comments:
			3. Travel and training expenditures;
			Comments:
			4. Communications (e.g. telephone, postage);
			Comments:

YES	NO	NA	
			5. Other administrative costs (supplies, printing, equipment)?
			Comments:
			h. Were all sampled claims reviewed and approved by authorized individuals (Department Head, Council, etc.)?
			Comments:
			i. Were sampled expenditures supported by adequate source documentation (invoices, contracts, purchase orders, etc.)?
			j. Were sampled expenditures in accordance with the CDBG budget line items?
			Comments:
			k. Were any of the following ineligible expenditures noted:
			1) Interest and other financing costs?
			Comments:
			2) Contributions and donations?
			Comments:
			3) Bad debts?
			Comments:
			4) Contingencies? [NOTE: <u>Unallowable</u> contingencies are contributions to a contingency reserve held long-term for unforeseen events.]
			Comments:
			5) Entertainment?
			Comments:
			6) Fines and penalties?
			Comments:
			7) Legislative expenditures?
			Comments:
			l. Were all the expenditures sampled eligible and appropriate uses of CDBG funds?
			Comments:
			m. Were all sampled expenditures adequately documented? If "no," describe.
			Comments:

YES	NO	NA	
			n. Based upon review of receipt and disbursements of CDBG funds, were there any instances of violation of HUD's \$5,000 / 3-day policy? Date(s): Comments:
			o. If yes to "n" -- can the Grantee justify each instance of violation of the HUD \$5,000 / 3-day policy? Describe circumstances: Comments:
			p. Were salaries and wages of local government staff charged against the grant, if any, supported by adequate payroll records (timesheets)? Comments:
			q. Are costs being prorated on a reasonable basis for local staff (if any) that are working partially on CDBG project activities?
			r. If work is performed by city or county staff, are there adequate records to document the use of public employees? Comments:
			s. Does a review of the payroll forms reveal any instances of personnel being paid from, but not working on, program activities? Comments:
3. PROPERTY MANAGEMENT			
YES	NO	NA	a. Does the Grantee maintain property records documenting the acquisition of all property purchased with CDBG funds? Comments:
			b. Was the property acquired in compliance with HUD procurement regulations? Comments:
			c. Do these items appear on the Grantee's property records? Description: Cost: \$

4. PROGRAM INCOME							
YES	NO	NA					
			<p>a. Has any <i>CDBG Program Income</i> been generated through CDBG project activities? (<i>Program Income</i> -- as defined in the CDBG Manual, Chapter 4, Exhibit 4-H.)</p> <table border="1"> <tr> <td>Source(s):</td> <td></td> </tr> <tr> <td>Amount To date:</td> <td></td> </tr> </table>	Source(s):		Amount To date:	
Source(s):							
Amount To date:							
			<p>b. Has the Grantee established policies and procedures for the use of Program Income that will be generated, if any?</p> <p>Comments:</p>				
			<p>c. Has the Grantee expended Program Income (other than Program Income deposited in an approved revolving fund) in payment of program costs prior to making further cash draws from the DOC?</p> <p>Comments:</p>				
			<p>d. Has the Grantee established revenue accounts to account for all Program Income receipts and disbursements?</p>				
			<p>e. If a Program Income Fund has been established, were the procedures for receipt and disbursement of CDBG funds reviewed by DOC?</p>				

E. CIVIL RIGHTS			
1. MONTANA HUMAN RIGHTS COMMISSION			
YES	NO	NA	
			a. Did the Montana Human Rights Commission notify MDOC/CDBG of any prior or current allegations of discrimination against the Grantee? Comments:
			b. Were there any complaints of discrimination associated with CDBG-funded activities, for which affirmative action was required to overcome the effects? If yes, describe situation:
2. RECIPIENT EMPLOYMENT			
YES	NO	NA	
			a. Does the Grantee have an adopted nondiscrimination policy (Equal Employment Opportunity)? (Exhibit 5-A) Comments: Date adopted:
			b. Has the Grantee made its Equal Employment Opportunity (EEO) policy clearly known to all staff involved in hiring, promotion, and salary decisions? Comments:
			c. Does the Grantee display Equal Employment Opportunity (EEO) posters in conspicuous places? (Exhibit 5-M, CDBG Admin. Manual) Comments: Location(s) posted:
			d. Has an individual been designated to oversee civil rights compliance for the local government, (not just for this project)? Comments: If "yes," whom?

YES	NO	NA	
			<p>e. Has the Grantee hired any staff using CDBG funds for work on CDBG-related activities?</p> <p>Comments:</p> <p>If YES, list name(s) and position(s):</p>
			<p>f. Were EEO guidelines followed in hiring? (Exhibits 5-H, I, and J, CDBG Administrative Manual)</p> <p>Comments:</p> <p>Describe:</p>
			<p>g. Did job announcements include a statement that "<i>(Name of Grantee) is an equal opportunity employer</i>"?</p> <p>Comments:</p>
			<p>h. Did the Grantee notify target agencies for EEO employment recruitment? (Exhibit 5-G)</p> <p>Comments:</p>
			<p>i. Were positions advertised in any minority newspapers published in the area?</p> <p>Comments:</p>
			<p>j. Did the Grantee publish Exhibit 5-B (<i>Section 3 Public Notice: Economic Opportunities for Low-Income and Very Low-Income Persons</i>) or its equivalent at the time of going to bid?</p> <p>Comments:</p>
			<p>k. Has the Grantee been acting in compliance with the (December 2002) EEOC Compliance Manual Section on the Prohibition of National Origin Discrimination (See Chapter 5 CDBG Manual, page 5-12)?</p> <p>Comments:</p>
			<p>l. Do the Grantee's records include a summary of the number of applicants for each position, the number that are minorities, women and handicapped persons, and the reasons for the hiring decisions?</p> <p>Comments:</p>

3. FAIR HOUSING			
YES	NO	NA	
			a. Describe Grantee efforts to <i>affirmatively further fair housing</i> . For example: 1. Does the Grantee have a fair housing resolution? (Exhibit 5-N)
			Comments: Date adopted:
			2. Does the Grantee display fair housing posters (Exhibit 5-0 or equivalent)? Does the Grantee use the "Equal Housing Opportunity" statement and symbol on its local government/agency letterhead?
			Comments:
			3. What actions were taken by the Grantee to affirmatively further fair housing ? (See CDBG Manual, page 5-10 and following).
			Comments:
4. POLITICAL ACTIVITY			
YES	NO	NA	
			a. Does the Grantee have an adopted policy regarding compliance with the <i>federal Hatch Act</i> ? <i>Note:</i> The Hatch Act restricts the political activities of individuals principally employed by a local government in connection with a program financed in whole or in part with federal funds. (For sample policy, see Exhibit 5-Q, CDBG Administration Manual)
			Comments: Date adopted:
			b. Has an individual been designated to oversee Hatch Act compliance?
			Comments: If "yes," whom?
			c. Have the Grantee's employees been furnished with appropriate information regarding restrictions on political activity? (For example, posting its Hatch Act policy.)
			Comments:

5. AMERICAN DISABILITIES ACT AND SECTION 504 REQUIREMENTS			
YES	NO	NA	1. Has the Grantee prepared an <u>Analysis of Impediments for Handicapped Accessibility</u> in accordance with the requirements of the American Disabilities Act (ADA) and Section 504 in the following ways:
			Comments:
			a. Did the Grantee conduct a <i>Self-Evaluation Inventory of facilities and programs</i> to determine the extent of local compliance with ADA requirements?
			Comments:
			b. How has the Grantee addressed each of the following areas of ADA compliance: (describe)
			1) Communications?
			2) Public Meetings?
			3) Employment Opportunities?
			4) Program Benefits?
			5) Physically Accessible Housing?
			Comments:
			c. Did the Grantee, based on the <i>Self-Evaluation Inventory</i> , develop an <i>ADA Transition Plan</i> to outline steps to correct any deficiencies identified by the <i>Self-evaluation Inventory</i> ?
			Comments:
F. LABOR REQUIREMENTS			
1. DAVIS-BACON PREVAILING WAGES			
YES	NO	NA	a. Do the construction contract (s) contain a copy of the correct Davis-Bacon prevailing wage decision for the project?
			Comments / Wage Decision Date(s):
			b. Are the appropriate wage decisions in use?
			Comments:
2. PAYROLL REVIEW			
			a. Is Form WH347 (Exhibit 6-I), U.S. DOL Payroll Form or its equivalent being used by the Contractor and sub-contractors?
			Comments:

YES	NO	NA	
			b. Are payrolls submitted weekly?
			<p>c. Is there evidence of weekly payroll review by the grantee's representative?</p> <p>d. Is there evidence that all weekly payrolls have been compared to the applicable Davis-Bacon wage rates?</p> <p>e. As required, are payrolls reviewed clearly initialed by the reviewer, annotated as needed, and dated to indicate completion of a weekly review? (See the CDBG Manual, Chapter 6, pages 6-6 and 6-12 and CDBG Exhibit 6-P.)</p> <p>f. (From Chapter 9, CDBG Manual, pp. 9-20/9-21): “Labor standards monitoring and documentation. As part of the documentation you submit to CDBG with all your requests for drawdown of Activity budget funds, during the construction period, include (1) copies of the required labor compliance interviews of contractors' employees and (2) certification (on Exhibit 6-P) of your completion of weekly reviews of weekly payroll. Maintain in your local project files documentation that you have assured that all during the project that the proper federal Davis-Bacon wages (and hourly zone rates, if applicable) are being paid.</p> <p>Also see Chapter 6 (pages 6-14/6-15) and Exhibits 6-K and 6-P.</p> <p>During periods of construction, drawdown requests to CDBG must be accompanied by Exhibit 6-K. (See Chapter 4, pages 4-5 and following.)</p> <p>Exhibit 6-P should be sent to CDBG with every project draw that involves construction contractor payments for workers' wages – not just CDBG draws.</p> <p>What sort of evidence of payroll reviews exists in the grantees' files? (For example, initialed and dated by reviewer, notes, calculations, etc.?)</p>
			g. Are the weekly payrolls numbered sequentially?
			h. Are payrolls signed by the employer or an authorized representative?
			i. If applicable, are apprentice/trainee records on file?
			<p>j. Has overtime been paid? At correct rates?</p> <p>Note: “Zone pay” increases a construction worker's hourly rate. Fringe benefits can be paid in cash or to a fund. When a construction worker receives zone pay, overtime is calculated this way: [hourly rate plus zone pay rate multiplied by 1.5] plus fringe.</p>
			<p>k. Was the appropriate Davis-Bacon prevailing wage rate determination posted at the job site and reasonably accessible to employees for their review?</p> <p>l. Were the proper zone hourly rates, if applicable, used to determine the adjusted base hourly pay at work locations where the work site's distance from the county seat exceeds the specified distances listed in the applicable Davis-Bacon wage rate determination)?</p>

REVIEW OF EMPLOYEE INTERVIEWS
CONDUCTED BY LOCAL PROJECT REPRESENTATIVES

YES	NO	NA	
			<p>1. Is there adequate documentation of employee interviews of a representative sample of trades and job classifications?</p> <p>2. Are completed, signed copies of interview forms in the file? (HUD Form 11, updated 8/1/2004; Exhibit 6-K; available on-line at: http://www.hud.gov/offices/adm/hudclips/forms/files/11.doc)</p> <p>3. For employee interviews conducted, is there evidence that the wages rates of employees interviewed were compared to the federal Davis-Bacon wage rates applicable to the project?</p> <p>4. See <i>OVERVIEW OF LABOR INTERVIEWS CONDUCTED</i>, next page.</p>

EMPLOYEE INTERVIEW SAMPLE A

Name of individual interviewed:			
Contractor:			
Job Classification: (if applicable)			
Group:		Zone: _____	Zone hourly rate: _____
Actual Wage: (+ Fringe)			
Required Wage: (+ Fringe)			
YES	NO	NA	
			Was the wage correct?
			Comment:

EMPLOYEE INTERVIEW SAMPLE B

Name of individual interviewed:			
Contractor:			
Job Classification: (if applicable)			
Group:		Zone: _____	Zone hourly rate: _____
Actual Wage: (+ Fringe) \$			
Required Wage: (+ Fringe) \$			
YES	NO	NA	
			Was the wage correct?
			Comment:

EMPLOYEE INTERVIEW SAMPLE C

Name of individual interviewed:				
Contractor:				
Job Classification: (if applicable)				
Group:		Zone: _____	Zone hourly rate: _____	
Actual Wage: (+ Fringe) \$				
Required Wage: (+ Fringe) \$				
YES	NO	NA	Was the wage correct?	
			Comment:	
OVERVIEW OF LABOR INTERVIEWS CONDUCTED				
			1. Were all required labor interviews sufficiently documented?	
			Comment:	
			2. Was a representative number of trades covered?	
			Comment:	
			3. Are interviews compared against payrolls?	
			Comment:	
			4. Are there instances of incorrect wage payments or labor standards violations?	
			Comment:	
			If "yes," describe:	
			5. Were investigations of noted violations conducted in a timely manner?	
			Comment:	
			If not, describe:	
			6. Has restitution been made to the affected workers?	
			Comment:	
			7. Were records and documentation sufficient to support the findings and the resolution of violations?	
			Comment:	

YES	NO	NA	
			8. If labor requirements compliance deficiencies have occurred, have follow-up procedures been agreed on to correct or improve performance?
			Comment:
			9. Were the required labor standards posters posted at the job site:
			a. Exhibit 6-F-U.S. Department of Labor Notice to Employees?
			Comment:
			b. Appropriate U.S. Department of Labor Davis-Bacon Wage Rates?
			Comment:
			c. Exhibit 6-G, DOC Equal Employment Opportunity Poster?
			Comment:

G. ACQUISITION (If Applicable)

Total number of acquisitions proposed:

Number of acquisitions made to date:

**GENERAL INFORMATION REGARDING ACQUISITIONS:
Complete For Each Acquisition Sampled**

1. Name of property owner:

2. Telephone Number:

3. Address of acquired property:

4. Property Use:

Single Fam. Res.

Agriculture

Business

Nonprofit

YES

NO

5. Occupants?

6. Tenants?

NOTE: Persons or businesses displaced by acquisition are entitled to relocation assistance (see Chapter 7 of the CDBG Manual)

For such cases, complete Section H (Relocation) of this Monitoring Guide to document payments to owners or tenants.

Complete Only For VOLUNTARY Acquisition (Not Governed By the Uniform Relocation Act)

1. Does the Grantee's file include the following documentation:

YES	NO	NA	DOCUMENTATION IN FILE	DATE:	Amount
			Public Invitation for Acquisition of Real Property (Exhibit 7-A)	Meeting	
			Voluntary Agreement Between Grantee and Individual Seller (Exhibit 7-B)		
			Appraisal		
			Contract signed/Proof of payment		
			Recording of property deed		
			Record of settlement costs		
			Filing of complaint or appeal (if applicable)		
			Resolution of complaint or appeal (if applicable)		
			Acknowledgment by Grantee that acquisition was voluntary, exempt from procedures required under the Uniform Act, Title III, and that dislocation of tenants must be done pursuant to Title II		

H. RELOCATION (If Applicable)

Number of relocations:		Proposed	To Date
Owner			
Tenant			
Business			
Total:			

Method of relocation:		
<input type="checkbox"/> governed by Uniform Act; Section 104 (d) of the Housing & Community Development Act ; <input type="checkbox"/> optional relocation		
Attach Exhibit 5-E, Direct Benefits Summary Form, showing civil rights-related info all relocatees.		
YES	NO	
		Were any complaints or appeals filed?
		If yes, describe the issues and how they were resolved.
YES	NO	
		Approximately 60 days after the relocation payment has been made and the relocation has taken place, does the Grantee follow-up to determine whether the replacement housing is satisfactory?
THIS SECTION: COMPLETE ONLY FOR OPTIONAL RELOCATIONS (NOT covered by the UNIFORM RELOCATION ACT)		
Select some individual optional relocation cases for review. Complete the checklist on the following pages for each, and attach.		
YES	NO	Complete For Optional Relocations
		1. Did optional relocation project receive prior approval from DOC?
	<u> </u> / <u> </u> / <u> </u>	2. Date of adoption of local policy governing optional relocation.
	<u> </u> / <u> </u> / <u> </u>	3. Date of DOC approval of local policy.
		4. Generally describe project and system for providing benefits to affected individuals:
		5. Select several individual cases for review, complete the attached form for each, and attach.

RELOCATIONS COVERED BY THE UNIFORM ACT (RESIDENTIAL OR BUSINESS)

Name					
Former Address					
New Address					
Project Name					
Acquisition No.					
Relocation No.					
		<u>Continued, next page</u>			
Owner			Tenant		Business
Dates	Applies to Residential (R) or Business (B)	<p>NOTE: All items preceded by an asterisk (*) require documentation in the Relocation file.</p> <p>Handbook 1378 (HUD's Real Estate Acquisition and Relocation Policy and Guidance) is currently being updated (July, 2007). For the most current version of these checklist items, see HUD Relocation Handbook 1378 (Appendices) at http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm</p> <p>This section of the monitoring checklist will be updated when the HUD 1378 Handbook revision is complete.</p>			
	R & B	MDOC Authorization to incur cost			
	R & B	When 1st occupied old unit			
	R & B	Initiation of Negotiations to Acquire Property			
	R & B	Property Acquired			
	R & B	(*) General Information Notice (8-A)			
	R & B	(*) Notice of Relocation Eligibility (8-B). Must include referral to comparable housing in this notice.			
	R & B	Moved to replacement dwelling or business			
	R	(*) Confidential Family Survey Guide (8-C) X			
	R	(*) Identified comparable replacement dwelling			
	R & B	(*) 90-Day Notice delivered (8-D)			

	R & B	(*) 30-Day Notice delivered (8-E if applicable)
	R	(*) Housing Inspection Form (8-F)
	R	(*) Letter to Relocatee in Substandard Unit (if applicable) (8-G)
	R	(*) Applicable claim form (8-H, 8-I, 8-J, or 8-K)
	R	(*) Applicable claim form (8-L or 8-M)
	R & B	(*) Letter of Acknowledgment for Services and Payments Rendered (8-N)
	R & B	Follow-up contact

NOTES:

FOR RESIDENTIAL RELOCATIONS COVERED BY THE UNIFORM RELOCATION ACT

Monthly Housing Costs for : Acquired Dwelling [] Replacement []

TYPE OF PAYMENT Moving Expenses	(*) AMOUNT CLAIMED	(*) APPROVED	(*) DATE PAID
Actual			
Fixed			
Replacement Housing Payment			
Homeowner (180-day)			
Rental Assistance (90-day)			
Down Payment (90-day)			

HOUSEHOLD CHARACTERISTICS: (Use the revised ethnic and racial categories required by HUD See Chapter 5, CDBG Manual and Exhibit 5-E.)

6. Household Characteristics: (The new HUD/OMB data collection requirements that were announced December, 2002 were incorporated into CDBG Manual's revised *Exhibit 5-E*, Direct Benefits Data, and also into CDBG Project Monitoring Guide.)

a. **Family size:** _____

b. **Ethnicity:** (select only one)

Hispanic or Latino

Not Hispanic or Latino

c. **Race:** (select one or more)

1. White

2. Black or African American

3. Asian

4. American Indian or Alaskan Native

5. Native Hawaiian or Other Pacific Islander

6. American Indian or Alaskan Native *and* White

7. Asian *and* White

8. Black or African American *and* White

9. American Indian or Alaskan Native *and* Black or African American

10. Other Multi-racial (balance of individuals reporting more than one race)

d. **Other:**

Female head of household

Elderly (over 62)

Handicapped (nature of handicap): _____

e. **Income Data:**

Gross annual income of household: \$ _____

FOR BUSINESS RELOCATIONS COVERED BY THE UNIFORM RELOCATION ACT

NOTE: All items preceded by an asterisk (*) require documentation in the relocation file.

TYPE OF PAYMENT Moving Expenses	(*) AMOUNT CLAIMED	(*) APPROVED	(*) DATE PAID
Actual			
Fixed			

RELOCATION CASE REVIEW -- Handbook 1378 (HUD's Real Estate Acquisition and Relocation Policy and Guidance) is currently being updated (July, 2007). For the most current version of these checklist items, see HUD Relocation Handbook 1378 <http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm>

This section of the monitoring checklist will be updated when the HUD 1378 Handbook revision is complete.

Owner <input type="checkbox"/> Tenant <input type="checkbox"/>	YES	NO	DATE	AMOUNT
Name:				
Address:				

Date of verification of property ownership				
	YES	NO	DATE	AMOUNT
Did owner apply for rehabilitation funds?				
Date property was identified as unsuitable for rehab				
Reasons:				
Was photo documentation of condition retained?				
Monthly housing cost, including mortgage, taxes and insurance, or rent, plus utilities				
Was property acquired by Grantee:				
Date of temporary relocation of residents				
Date of SHPO clearance of demolition				
Date of demolition of structure:				
Date household moved into replacement dwellings				
Address, if different from above				
Did Grantee certify replacement dwelling as suitable				
Describe replacement dwelling.				
Monthly cost of replacement housing, including mortgage, taxes and insurance, or rent, plus utilities:				
Amount of payment for replacement housing:				
Amount of temporary relocation or other expenses paid:				
Is proof of receipt of payment in file?				
Describe method of securing the improvements to prevent sale or moving of replacement dwelling:				
I. <u>CONSTRUCTION MANAGEMENT</u>				
1. <u>CONSTRUCTION CONTRACT PROCUREMENT PROCESS</u>				
... For construction contracts not already reviewed by MDOC/CDBG staff, use Exhibit 9-C, Checklist of Required Clause for CDBG Construction Contracts, in the CDBG Administration Manual.				
a. Project location (County and nearest town):				
b. Description of work:				

c. Names of newspapers used for bid advertising and dates of publication (or attach copies)			
d. Bid opening date:			
YES	NO	NA	
			<p>e. Were competitive bids obtained through formal advertising for all publicly contracted construction in compliance with 7-5-2301 and 7-5-4302, MCA ? (Required by Montana law for all contracts in excess of \$20,000 for the purchase of vehicles, machinery, appliances, equipment or materials of any kind, or \$25,000 for construction, repair, or maintenance, in the aggregate.)</p> <p>Comments:</p>
			<p>f. Did the Grantee assure contractor affirmative action responsibilities concerning contracting with Disadvantaged Business Enterprises (see Chapter 5, page 5-16 and following)?.</p> <p>Comments:</p>
g. List of Bidders (or attach copy of bid tabulation sent to CDBG)			Bid Amount:
h. Were only <i>registered contractors</i>' bids reviewed?		Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]	
i. Date contract was awarded:			
j. Name of Contractor(s):			
k. Date of Pre-construction Conference:			
YES	NO	NA	
			<p>l. Is a copy of the conference minutes on file?</p> <p>m. Did the Grantee complete Exhibit 5-J, <i>Contract Reporting Form</i>, at the time that this contract was awarded?</p> <p>n. (Was 5-J completed for all contracts and subcontracts, including contractors and subcontractors that are not minority owned, exceeding \$10,000?)</p> <p>Comments:</p>
o. Date of Contractor's Notice to Proceed:			

2. <u>BONDING AND INSURANCE</u>			
YES	NO	NA	
			a. Is the prime contractor registered as required by 37-71-201, MCA?
			Comments:
			b. For construction contracts over \$100,000, did the contractor(s) meet the requirements for:
			1) Bid bond equal to 10% of bid price?
			Comments:
			2) Performance bond equal to 100% of contract price?
			Comments:
			3) Payment bond equal to 100% of contract price?
			Comments:
3. <u>CONTRACT DOCUMENTS</u>			
			1. Was the contract bid document reviewed by MDOC/CDBG to verify that all proposed construction work was appropriate and eligible for CDBG funding?
			Date of Review:
			Reviewed By:
			Comments:
			2. Was firm fixed-price or lump sum compensation used?
			Comments:
4. <u>CHANGE ORDERS</u>			
			a. Have any change orders been issued for the project?
			Comments:
			b. If yes, sample and describe representative change orders.
			Comments:
			c. Did any of the change orders affect the CDBG project budget, scope of work or construction schedule?
			Comments:
			d. If yes, did the change order(s) receive prior review and approval by appropriate agency?
			Comments:

CHANGE ORDER SAMPLE NUMBER ONE

a) Date:

b) Amount:

c) Purpose:

d) Contractor:

e) Who approved the change order?

f) Does it appear that the cost and purpose of the change order were reasonable?

g) How was the change order funded?

CHANGE ORDER SAMPLE NUMBER TWO

a) Date:

b) Amount:

c) Purpose:

d) Contractor:

e) Who approved the change order?

f) Does it appear that the cost and purpose of the change order were reasonable?

g) How was the change order funded?

J. INDIVIDUAL HOUSING REHABILITATION FILE REVIEW (IF APPLICABLE)

Copy this section and review a sample of the individual housing rehabilitation files.

1. **Name of property owner:**

2. **Address of property rehabilitated:**

3. **Address of owner, if different:**

4. **Date of application for assistance:**

5. **Type of housing unit assisted:**

Owner-occupied [] Tenant-occupied []

Single family unit [] Mobile home [] Multiple family units []

(# for each type): ____

6. **Household Characteristics:** See CDBG Manual Exhibit 5-E and Chapter 5 of the CDBG Manual. New HUD/OMB data collection requirements were announced December, 2002 and were incorporated into CDBG Manual's Exhibit 5-E (Direct Benefits Data) and also into this CDBG Project Monitoring Guide.

Grantees are required to request this information, but cannot require it if the request is refused. If the information is not provided by the household being assisted, the Grantee is asked to provide an estimate

a. **Family size:** _____

b. **Ethnicity:** (select only one)
 Hispanic or Latino
 Not Hispanic or Latino

c. **Race:** (select one or more)
1. White
2. Black or African American
3. Asian
4. American Indian or Alaskan Native
5. Native Hawaiian or Other Pacific Islander
6. American Indian or Alaskan Native *and* White
7. Asian *and* White
8. Black or African American *and* White
9. American Indian or Alaskan Native *and* Black or African American
10. Other Multi-racial (balance of individuals reporting more than one race)

d. **Other:**
 Female head of household
 Elderly (over 62)
 Handicapped (nature of handicap): _____

7. Income Data			
a. Gross annual income of household: \$ _____			
YES	NO	NA	
			b. Does this meet LMI eligibility requirements? Comments:
			c. Was the income verified? Describe how the income was verified: Comments:
			d. Was this housing unit eligible? Comments:
			1. Is this housing unit located within project area? Comments:
			2. Was the property ownership verified? Comments:
			3. Was the property value determined? Value of property: \$ _____ Comments:
			4. Was a credit check conducted? Comments:
			5. Was a title search conducted? Comments:
			6. Did the grantee confirm that taxes were paid and current? Comments:
			8. Property Work Write-Up and Bidding
			a. Was the property determined to be substandard and suitable for rehab? Comments:
			b. Was a work write-up prepared? Date: _____ Comments:
			c. Was a cost estimate included in the work write-up? Amount: \$ _____ Comments:
			d. Is this a self-help rehab? _____ Comments:
			e. If not, how was the work advertised, calling for bids? Comments:

YES	NO	NA	
			f. Was an inspection walk through provided for contractors/potential bidders? Date: _____ Comments:
			g. <u>List of Bidders:</u> _____ <u>\$ Amount Bid:</u> _____ Comments:
			h. Is there an official letter of award of the rehab contract? Award date(s): _____ Comments:
			i. Name of Contractor(s) selected: _____ Comments:
			j. Were the lowest responsible bids awarded? Comments:
			10. Securing the Grant or Loan
			a. Type of assistance and amount provided to this household: ...Grant <input type="checkbox"/> Amount: _____ ...Low-interest Loan <input type="checkbox"/> Terms: _____ Amount: _____ ...Deferred Loan <input type="checkbox"/> Terms: _____ Amount: _____ ...Other <input type="checkbox"/> <u>Describe:</u> _____ Comments:
			b. Parties to the housing rehab contract? Owner <input type="checkbox"/> Contractor <input type="checkbox"/> Grantee as Third Party <input type="checkbox"/> Comments:
			c. Was a property lien filed? When? _____ Comments:
			11. Rehabilitation Contractor(s) selected for this rehabilitation work on this housing unit
			a. Name(s) of contractor(s) Comments:

YES	NO	NA	
			<p>b. Did the Grantee verify the eligibility of contractor with MDOC? (to assure that the contractor was not debarred and on the Excluded Parties List) Comments:</p>
			<p>c. Did the Grantee verify that the contractor was <u>registered</u>? Comments:</p>
			<p>d. Is there evidence in the file that the contractor has: 1. liability insurance? Comments:</p>
			<p>2. property damage insurance? Comments:</p>
			<p>3. Worker's Comp. insurance? Comments:</p>
			<p>e. Does the contract list specific work or include the work write-up? Comments:</p>
			<p>f. Were all costs reasonable? Comments:</p>
			<p>g. Are all required CDBG contract clauses included? Comments:</p>
			<p>h. Compliance with Title VII of Civil Rights Act of 1964? Comments:</p>
			<p>i. Section 109 compliance? Comments:</p>
			<p>j. If lead-based paint (LBP) remediation was involved, were lead-safe work practices followed?</p>
			<p>k. Were the HUD/EPA LBP rules followed (per CDBG Manual Exhibits 2-V, W, X, Y and Z)? Comments:</p>
			<p>l. Termination clause in the contract? Comments:</p>
			<p>m. 1 year guarantee on work in the contract? Comments:</p>
			<p>n. Equal Employment Opportunity (Exec. Order 11246 for over \$10,000) clause in the contract? Comments:</p>

YES	NO	NA	
			o. Are required property standards followed in the contract based on work-write up?: Comments:
			p. Section 8? Comments:
			q. National Electrical Code? Comments:
			r. Uniform Building Code -- for 5 or more units? Comments:
			s. Were MDOC mobile home standards followed? Comments:
			12. <u>Permits</u>
			a. Are required permits on file? 1. State electrical permit? (NA if Grantee certified) Comments:
			2. State plumbing permit? (NA if Grantee certified) Comments:
			3. State mechanical permit? (NA if Grantee certified) Comments:
			b. Name of electrician: _____ Is electrician licensed? Comments:
			c. Name of plumber: _____ Is plumber licensed? Comments:
			13. <u>Change Orders</u>
			a. Were any change orders issued? Comments:
			b. If change orders were issued, select a sample and describe each:
			<u>Change Order -- Sample Number 1:</u> Amount: Purpose: Does it appear cost and purpose of the change order are reasonable? (Attach further explanation in notes if necessary.) Comments:

			<p><u>Change Order – Sample Number 2:</u> Amount: Purpose: Does it appear cost and purpose of the change order are reasonable? (Attach further explanation in notes if necessary.) Comments:</p>
--	--	--	--

14. Inspections prior to Disbursements

a. Are inspections made prior to disbursements?

	Local inspection dates	Electrical/plumbing inspection dates	Disbursements Amounts	Disbursements Dates
b. Initial	_____	_____	_____	_____
c. Interim	_____	_____	_____	_____
d. Final	_____	_____	_____	_____

Comments:

YES	NO	NA
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e. Were all lien waivers obtained?

Comments:

f. Does the Grantee do a follow-up contact with homeowner and/or tenant(s) after completion of work to determine the homeowner's satisfaction with the work?

Comments:

15. Affordability

a. For **owner-occupied, single family units**, how was the **affordability of the rehab assistance** determined?

Comments:

b. For **tenant-occupied single family housing**:

-- 1. Describe the contract clause for assuring initial LMI occupancy:

-- 2. Will rent be increased after rehab? (Period of affordability clause? See "d" below.)

YES	NO	NA	
			c. For multiple family rehab : -- proposed monthly rents: _____ -- total # units: _____. # occupied by LMI households: _____ -- local definition of "affordable rent"? _____ _____ _____ _____
			d. Describe the contract clause for requiring affordable rents .
			e. Who will be responsible for monitoring for compliance with the "affordable rents" contract clause over the long-term?
			f. How will this be assured?
			g. Describe the contract clause for assuring initial occupancy by LMI residents :
			h. If this involves a loan, describe any special terms of the loan.
YES	NO	NA	16. Financial Management
			a. Date rehab contract was signed: _____ Amount: \$ _____ b. Date that any escrow funds were drawn from DOC: Amount \$ _____ c. Was an escrow account established (CDBG funds drawn) after the rehab contract was signed? Comments:
			d. Was the rehab work completed and accepted within 180 days of the signing of the rehab contract? Comments:
			e. If the escrow account is interest bearing, is the interest, less any service charges, remitted to HUD? Comments:

YES	NO	NA	
			f. If a loan, who is responsible for periodically reviewing the file to ensure compliance with the loan agreement? Comments:
			g. Has a monthly amortization table been established? Comments:
			h. Has the contract been reviewed or scheduled for review at a later date to determine whether the recipient of a loan is current with the repayment schedule? Comments:
			i. Is the recipient current with the repayment schedule? Comments:
			j. If not, how will the delinquency be resolved?
			17. Inspection of Property. Review Inspection Report. If possible, site visit and interview of benefiting householders.
			a. Does rehab work conform to contract, including change orders? Comments:
			b. Do costs and work items appear reasonable and eligible? Comments:
			c. Is construction quality acceptable? Comments:
			d. Is beneficiary satisfied? Comments:

K. ECONOMIC DEVELOPMENT ADMINISTRATION (CDBG-ED PROGRAM)

See Chapter 8 of the CDBG Grant Administration Manual

YES	NO	NA	
			1. Does the Grantee have a system in place to periodically review the assistance agreement(s) between the local government and the assisted entity to ensure compliance with conditions contained in the agreement? Comments:
			2. Is the system being used effectively? Comments:
			3. Were changes to the assistance agreement between the local government and the assisted entity authorized by DOC? (Compare the agreement approved by DOC with the one in the Grantee files.) Comments:

YES	NO	NA	
			4. Has an account been established to record loan repayments? Comments:
			5. When is the first payment due? _____
			6. Have there been any delinquent payments? Comments:
			7. Is the Grantee maintaining records to document that the entity(ies) being assisted is substantially achieving the hiring goal for retention or creation of full-time equivalent jobs for low and moderate income persons that was proposed in the Grantee's final hiring and training plan approved by DOC? (Documentation must include the number and description of the jobs created or retained and income data for the persons filling those positions.) Comments:
			8. Did the Grantee establish hiring guidelines that contain the following elements: a. Current section 8 income guidelines? Comments:
			b. Recipient eligibility verification? Comments:
			c. Job application procedures? Comments:
			9. What other sources and amounts of financing are involved in the project? Comments:
			10. Are CDBG funds being matched by the sources and the amounts proposed in the applications? Comments:

YES	NO	NA	
			<p>11. Are Davis-Bacon wage rates involved in the project?</p> <p>Describe the project components that involve Davis-Bacon wage rates:</p> <p>If the Grantee is constructing public facilities in support of the economic development project with publicly contracted labor, complete the Construction Management and Construction Contract Review portions of this monitoring guide in <i>Section I</i>.</p> <p>Complete the Labor Standards Compliance Section under Section F of this monitoring guide if Davis-Bacon is involved in private contracts for the project.</p> <p>Comments:</p>
			<p>12. On-site visit of assisted entity:</p> <p>a. Does the project and project area appear to be the same as proposed in the application?</p> <p>Comments:</p>
			<p>b. Does the visible progress match that represented in the progress report submitted with the most recent drawdown? (For example: construction, equipment installation, relocation, rehabilitation, etc.)</p> <p>Comments:</p>
			<p>c. Are major items purchased with CDBG funds available for visible inspection?</p> <p>Comments:</p>
			<p>List major items checked:</p> <p>Do they appear to be the same as proposed?</p> <p>Comments:</p>

YES	NO	NA	
			<p>d. Does the business appear to be active and conducting business as would be expected? (For example: are shipments coming or going, are workers on-site, inventory stockpiled, etc.)</p> <p>Comments:</p>
			<p>e. Does the inventory on-site compare in quantity, quality, age, etc. to that described in the business plan?</p> <p>Comments:</p>
			<p>f. Has the Grantee been monitoring the project effectively? (For example, is there evidence on file that on-site visits have been conducted or review of hiring and financial reports has occurred.)</p> <p>Comments:</p>

L. Project Closeout and Audit Review

1. PROJECT CLOSEOUT (See Chapter 13, CDBG Manual)

YES	NO	NA	
			<p>1) Has the project been monitored?</p> <p>▶ Check the monitoring letter (date: _____) for any unresolved issues such as findings or compliance issues. (They should be resolved before proceeding.)</p> <p>Comments:</p> <p>Date Monitored:</p>
			<p>2) Is there any pending litigation or disputes involving this project?</p> <p>▶ If there is a lawsuit or ongoing dispute involving the Grantee, contractor(s) or professional(s) in conjunction with this project, a project closeout cannot be completed -- check with the CDBG Program Manager before proceeding any further with closeout work.</p> <p>Comments:</p>
			<p>3) Grant recipients must follow the directions in Chapter 13, <u>Project Closeout</u>, for the project completion report instructions.</p> <p>Date MDOC/CDBG Received Project Closeout Report:</p> <p>Comments:</p>

YES	NO	NA	
			<p>4) Are the following forms and required narrative completed:</p> <p>a) ■ Exhibit 13-A, Step 5</p> <ul style="list-style-type: none"> ▶ Narrative responses and/or documentation given to address each sub-point under Step 5 as applicable, including: <ul style="list-style-type: none"> ▶ Program Income Plan; ▶ Any labor standards compliance actions; ▶ Inventory of property costing \$5,000 or more acquired with CDBG funds; ▶ Copy of engineer or architect's substantial or final completion report; ▶ Narrative describing relationship of project to CDBG objectives; ▶ Narrative of citizen comments regarding the project and actions to address them; ▶ Any comments or suggestions on CDBG policies and procedures. <p>Comments:</p>
			<p>b) ■ EXHIBIT 13-B Final Performance Report</p> <ul style="list-style-type: none"> ▶ Check Proposed Accomplishments against Actual Accomplishments & Compare this to Scope of Work in Grantee's Application. <p>Comments:</p>
			<p>c) ■ EXHIBIT 13-C.1 Certification of Completion, Final Status of Funds Report</p> <ul style="list-style-type: none"> ▶ This should reflect the Grantee's last expenditures. ▶ Call Management Services to check account balance. ▶ Check grant amounts expended to balance remaining against the last drawdown. ▶ Compare balance to the most current contract budget. <p>Comments:</p>
			<p>d) ■ EXHIBIT 13-C.2 Conditional Closeout Certification</p> <ul style="list-style-type: none"> ▶ Make sure these have been signed by the Chief Elected Official. <p>Comments:</p>
			<p>e) ■ EXHIBIT 13-C.3 Final Closeout Certification</p> <ul style="list-style-type: none"> ▶ Make sure these have been signed by the Chief Elected Official. <p>Comments:</p>
			<p>f) ■ EXHIBIT 13-E Contract Reporting Form</p> <ul style="list-style-type: none"> ▶ Make sure contractors and subcontractors are listed. <p>Comments:</p>
			<p>g) ■ EXHIBIT 13-F Indirect Benefits Reporting Form</p> <ul style="list-style-type: none"> ▶ Check this against Benefit to LMI information in original application. <p>Comments:</p>

YES	NO	NA	
			h) EXHIBIT 13-G Calculation of Funds Benefiting LMI ▶ Check this against Benefit to LMI Table in the original application. The amount in the closeout report should be the same as or greater than what was proposed in the application. ▶ Check occupancy requirements if project was for new housing. Comments:
			5) <u>Are there any issues of concern with the above requirements?</u>
			6) Are there are any remaining unexpended funds at the time of final closeout? ▶ If "yes", what is the amount to be reallocated? Comments:
			AMOUNT REALLOCATED:
			7) Amount to be reserved for audit? ▶ This amount will usually be requested with the Grantee's final draw. Comments:
			AMOUNT FOR AUDIT:
			8) Are there any funds not authorized for expenditure that need to be recaptured? Comments:
			AMOUNT NEEDED TO BE RECAPTURED:

2. AUDIT REVIEW (See Chapter 14, CDBG Manual)

If there is no copy of the audit in the project file, obtain one from Local Government Services Bureau of the Montana Department of Administration (Phone: 841-2907).

- 1) **List the state fiscal years in which CDBG funds have been expended and the total amount drawn down by the Grantee for each fiscal year, according to MDOC records:**

<u>Fiscal Year</u>	<u>Amount</u>
TOTAL:	

YES	NO	NA									
			2) Has an audit been performed for the project (or is one scheduled)?								
			3) List the fiscal years covered or to be covered by an audit:								
			<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;">Audit Date:</td> <td style="width: 50%; text-align: center;">Fiscal Year(s) Covered:</td> </tr> <tr> <td>1. <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>2. <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>3. <input type="text"/></td> <td><input type="text"/></td> </tr> </table>	Audit Date:	Fiscal Year(s) Covered:	1. <input type="text"/>	<input type="text"/>	2. <input type="text"/>	<input type="text"/>	3. <input type="text"/>	<input type="text"/>
Audit Date:	Fiscal Year(s) Covered:										
1. <input type="text"/>	<input type="text"/>										
2. <input type="text"/>	<input type="text"/>										
3. <input type="text"/>	<input type="text"/>										

YES	NO	NA	
			4) At the time of closeout, have all funds been audited, and has the CDBG Program Specialist reviewed all audits for this project?
			5) Based on audit information, if the project still requires an audit, then prepare a <i>conditional closeout</i> until a final audit on all expended CDBG funds has been received.
			Projected Date of Final Audit:
			6) Are there any unresolved findings or noncompliance issues with applicable laws and regulations remaining from the last audit completed for this project?
			7) Are there any issues of concern concerning the project's audits?

- * For Findings, check (1) Auditor's Schedule of Federal Financial Assistance and (2) Report on Compliance with Laws & Regulations related to federal financial assistance problems.
- * NOTE: Ignore any references to drug free workplace -- this is not a HUD requirement.
- * If the Grantee receives less than \$25,000 of combined federal financial assistance in a fiscal year during the term of the project, the CDBG funds do not have to be audited according to A-128.

3. Program Income			
YES	NO	NA	
			1) Will program income be received after closeout? If "yes," the Grantee should has to adopt a program income plan and set up acceptable procedures for the accounting and administration of the program income before the project can be closed out by MDOC. Be sure program income plan has been approved by MDOC.

			2) Are there any unexpended program income funds remaining at closeout? If "yes," inform the Grantee in the closeout letter about Title 1 requirements applicable to unexpended program income received before and after closeout.
			3) Does the Grantee have any other open CDBG projects? If "yes," program income should be used from this project for the other open project, unless there is a dedicated RLF.

PROGRAM INCOME PLAN/REVOLVING LOAN FUND CHECKLIST

FOR PROJECT CLOSEOUT

The Department of Commerce's decision to permit the retaining of Program Income or the development of an RLF will be determined on the adequacy of the proposed program income plan (P.I.P.) For the use and administration of The program. See pages 2-8 of MDOC's Program Income/RLF Manual and Chapter 4 of the CDBG Grant Administration Manual for P.I.P. requirements. The following elements should be included or addressed in the Program Income Plan

1. FOR CDBG PROJECTS FUNDED 1992 AND PRIOR, AFTER PROJECT CLOSEOUT

YES	NO	NA	a. Provisions of Title I will not apply, but a minimum of 51% of the funds must be used for activities that benefit low and moderate income (LMI) persons. Program income must be used for CDBG eligible activities.
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2. FOR CDBG PROJECTS FUNDED 1993 AND LATER, AFTER PROJECT CLOSEOUT

			a. Maximum 18% for administration and 82% for activity per year
			b. 70% of the activity expenditure in any year would have to benefit 51% LMI. The remaining 30% could be used for any CDBG eligible activity.
YES	NO	NA	c. For any project funded with program income or RLF money, Title I regulations apply. If less than \$25,000 of program income is received in any year, these funds are exempt from Title I requirements. However, the funds must benefit 51% LMI and be eligible for funding under the CDBG program.

3. FOR ALL PROJECTS (FUNDED BEFORE AND AFTER 1992)

YES	NO	NA	a. Eligible activities as listed under Title I of the Housing and Community Development Act as amended. See the appendix of the Program Income/RLF Manual, or Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended through October 28, 1992.
			b. Description of activities to be funded by program income.
			c. Eligible types of loans.
			d. Loan financing policies: minimum and maximum dollar amounts, terms, rates of interest, policies for restructuring loans.
			e. Description of the goals and objectives of the plan.

YES	NO	NA	
			f. Description of eligible applicants for the funds.
			g. Loan review committee.
			h. How projects are to be evaluated/Project Selection and Approval Process. Establish criteria and procedures for reviewing and approving loans, including how needs are justified and prioritized, who the beneficiaries are, etc., the type of credit and financial analysis for evaluation.
			i. How loans will be secured and serviced.
			j. Description of the accounting and reporting procedures for the funds.
			k. Evidence that the governing body has approved the Program Income Plan
			<p><u>CDBG's Program Income Plan approval language:</u></p> <p>We have approved the Program Income Plan which allows the local government to retain program income. All program income received after closeout of a CDBG project must be distributed to an appropriate revolving loan fund or program income account. Because the DOC has ultimate responsibility for the program income retained and used at the local level, it is required to ensure that such program income is used in a manner consistent with CDBG requirements. The DOC has instituted a Grantee reporting process. This will require that the Grantee prepare a special report for RLF and individual loan funds. These reports must be filed with the DOC twice a year, at the end of each December and June. The first report is due no later than January 31 and the second no later than July 30. If you have a system in place please send that. Otherwise, see MDOC's Program Income/RLF Manual, use the form enclosed, or call the CDBG program for guidance.</p> <p>Project activities funded from program income generated from projects funded after 1992, will be subject to Title I regulations under the Housing and Community Development Act as amended. Title I regulations will not apply where less than \$25,000 of program income is retained in any year.</p> <p>NOTE: Unless program income is dedicated to an ED RLF, all program income received prior to a CDBG project closeout must be distributed back to the corresponding open project fund. Such program income must be added to the funds committed to the project and used for these activities before a Grantee can request an additional drawdown of funds from its project account. The program income will be accounted for and reported on as part of the financial transactions of the CDBG project.</p>

4. CDBG's Project /Contract Closeout Letter			
YES	NO	NA	
			1) Prepare a closeout letter. The closeout letter will either be a conditional or final closeout.
			a) Conditional Closeout Letter <ul style="list-style-type: none"> ▶ All required CDBG closeout forms and narrative completed. ▶ Certificate of completion from engineer or architect. ▶ Reference the date of monitoring in the closeout letter. ▶ Final audit scheduled.
			b) Final Closeout Letter <ul style="list-style-type: none"> ▶ The project can be finally closed-out if all expended CDBG funds have been audited and the project has been monitored. ▶ Final status of funds report and ▶ Include a statement that all CDBG-related records must be retained for <u>four</u> (4) years after final project closeout. 24 CFR 570.502(a)(16) – on the web at http://edocket.access.gpo.gov/cfr_2004/aprqr/pdf/24cfr570.502.pdf
			2) Are there any concerns regarding completing a conditional or final closeout for this project?
5. Closeout Follow-up			
YES	NO	NA	
			1) Update MDOC's in-house records: <ul style="list-style-type: none"> a. Project closeout tracking sheet (WORD) b. Project draws tracking sheet (Excel) c. Program Specialist's project tracking sheet (WORD) d. Consolidated project tracking sheet (Excel)
			2) Notify MDOC's Management Services Division that the project has been closed out. (Give a copy of the closeout letter sent to Grantee to Management Services.)