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**Chapter 11 – Project Monitoring**

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**CHAPTER 11**

## 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, *CDBG Project Monitoring Guide* (see *exhibits*).** 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 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.

**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 11

### EXHIBITS

**11-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