

## CHAPTER 7: MONITORING

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### OVERVIEW

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

The purpose of monitoring is to ensure that the grantee is complying with all applicable state and federal requirements. CDBG staff members prefer to monitor a construction project during its construction phase to ensure that the payrolls are being checked and to provide technical assistance to the grantee. A successful monitoring occurs when information is readily accessible and there is evidence that federal requirements were met. A monitoring visit that reveals problems may also be successful because it can identify areas where the grantee needs technical assistance. It is GOED's goal to assist and support CDBG recipients in complying with all requirements and successfully implementing project activities from start-up through closeout of the project.

CDBG staff provide this assistance and support by:

- Providing CDBG Grant Administration training;
- Providing ongoing assistance in response to requests regarding local projects;
- Conducting project monitoring through regular, frequent contacts with each CDBG-funded project; and
- Conducting on-site project monitoring visits during the course of a project or after project completion to review work done on local projects.

During the course of each CDBG project, CDBG staff also monitors projects by:

- Reviewing quarterly reports;
- Reviewing draw requests, and
- Clarifying questions about the project as they arise.

### REPORTS – A MONITORING TOOL

CDBG staff uses the Quarterly Program Report to monitor the progress of projects and detect problems. Narrative is submitted by staff to HUD using IDIS. If progress has not been made, the report needs to explain the reasons for lack of activity.

It is essential that the reports are submitted on time and with sufficient information about the status of the project. Quarterly Program Reports are past due the 15<sup>th</sup> of the month following the end of the calendar quarter.

Other reports, such as debars, Wage Comparison Worksheets, Minority Business Enterprise Reports, and Payroll Reports are all used to track the progress of the CDBG project and compliance with various laws, regulations, and procedures.

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### MONITORING PROCEDURES

During the life of the project, CDBG staff conduct desk monitoring of all grants. A Risk-assessment of all open grants is conducted annually. When a grant is at the closing stage, CDBG staff conduct a close out review. If the project has not been site monitored, a pre-monitoring review is conducted and a monitoring visit is scheduled.

Site-visits help CDBG staff familiarize themselves with the various CDBG project locations. A site-visit is a structured review that is carried out where the project records are maintained. A formal monitoring checklist is used; a copy of the Monitoring Checklist is in Chapter 7: Exhibits. This checklist can be used for several purposes including:

- Setting up the grantee record keeping system;
- Grantee monitoring of the grant project, and
- Ensuring there is adequate documentation in the files.

Prior to a site-visit, CDBG staff will contact the grantee concerning the timing and scope of the visit. The grantee is required to be available to provide assistance in the review of records and to answer questions. Each on-site monitoring visit begins with a meeting to discuss the monitoring process. An exit interview provides an opportunity to review and discuss any outstanding issues identified during the site visit, both positive and negative. Tentative conclusions and level of concern are discussed at this time.

Within 30 days of the monitoring visit, CDBG staff will provide written monitoring review comments in the form of a letter or report. The letter will contain the following information:

- A description of each area covered by the monitoring visit, the files reviewed, the date of the visit and the CDBG staff member who monitored the grant.
- A brief description of any statutory or regulatory requirement at issue and an explanation of the documentation examined that was pertinent to the requirement.
- The conclusions the reviewer has reached.
- A statement that describes the basis for the conclusion(s).
- Corrective actions that must be taken by the grantee and a date by which compliance is required.

CDBG staff will offer any necessary technical assistance to the CDBG recipient 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. CDBG staff will determine the adequacy of a corrective action.

### COMMON PROBLEMS

Common problems detected in monitoring fall into several categories:

(1) Files not kept in a central location:

Some grantees have complete records, but the files are not kept in a central location, which makes it difficult for the CDBG staff to monitor. For example, often the bid document is not included in the project records. A similar record-keeping problem is when the information for several grants is kept in one set of

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folders. CDBG staff must monitor each grant that is currently open; thus it is most helpful to have a set of files for each grant. Site visits can be facilitated by assembling all project records for CDBG staff to review in advance of the visit.

(2) Payroll reports are not checked on a weekly basis:

Sometimes files are well organized but the grant administrator has not checked and signed off on payroll reports on a weekly basis. It is the responsibility of the local government to ensure the contractor is in compliance with labor standards. Labor problems detected early in the project and corrected save the local government both time and money.

(3) Furthering Fair Housing Choice:

Another common deficiency is that the community neglects to take action to further fair housing choice or does not attempt to involve minority businesses in bidding opportunities created by the grant.

(4) Incomplete, Contradictory, or Insufficient Reporting:

Common reporting problems include: (1) not completing all required reporting requirements; (2) submitting beneficiary numbers that are different than stated in the application (this may occur when LMI-C beneficiary information is estimated in the application); (3) Quarterly reports may not include enough narrative to describe the current status of the project; (4) Labor interviews are not conducted throughout the life span of the project.

### MONITORING OF LABOR STANDARDS

CDBG will pay particular attention to the following labor standards issues when monitoring the grantee:

- Were all Federal Labor Standards Provisions included in the bid package?
- Were wage rate determinations requested and included in bid package and contracts?
- Did the grantee request and receive a determination of eligibility for the contractor selected?
- Did the grantee receive weekly payroll reports from the contractors?
- Did the grantee review the weekly payroll reports to ensure that they were consistent with the wage rate determinations for all classifications?
- If necessary, did the grantee monitor the contractor to ensure that overtime compensation was made to employees?
- Are all payroll deductions authorized?
- If the contractor used apprentices, did the contractor provide the grantee with evidence that these workers were employed under approved programs?
- If the contractor needed to make restitution or remedy a violation, did the grantee notify CDBG?
- Did the grantee conduct construction worker interviews?
- Did the grantee check the interview forms against payrolls to determine if correct wages were paid for work performed in each classification?
- If there was a violation did the grantee work with the contractor to correct under payments or payments or incorrect wages on payroll with restitution to affected employees?
- Did the grantee keep sufficient documentation of any labor investigation?

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### MONITORING OF CIVIL RIGHTS

- Did the grantee document Fair Housing Activities?
- Did the Bid Package and contract contain all the required Civil Rights Documents?
- Does the grantee have a 504 Plan?
- Does the grantee have an Excessive Force Policy?
- Were all the required documents for Section 3 and Executive Order 11246 completed and signed?
- Were all civil rights and Equal Employment Opportunity requirements documented?

### SUMMARY

After the project is completed and all programmatic requirements have been met, CDBG staff closes the grant. A close-out letter is sent to the CDBG Grant Administrator. Although programmatically closed, the grant remains officially open until the final review of the financial aspects of the grant and the city/county has complied with the requirements of the Single Audit Act. Grant project files must be retained for seven years from the date of the close-out letter.

Refer to Chapter 3: Financial Management and Chapter 8: Project Closeout for additional details on audits and closeout.