**MONITORING**

The AEDC Grants Division’s goal in monitoring is to ensure that CDBG‐funded projects are implemented in a timely manner, that they meet CDBG National Objectives and proposed outcomes, and that they are
managed within the rules of the program.

**OBJECTIVES OF MONITORING**There are four primary objectives within a monitoring review that include:

* Document compliance with program rules
* Ensure timely expenditure of CDBG funds and timely closeout of projects
* Track program/project performance
* Identify technical assistance needs

**COMPLIANCE REVIEW**In order to ensure that all statutory and regulatory requirements are being met for CDBG funded
activities and eligible activities used as CDBG Match, the Grants Division uses various monitoring standards and procedures.

The Grants Division is responsible for ensuring that grantees under the CDBG program carry out projects in accordance with federal and state statutory and regulatory requirements. These requirements are set
forth in the grantee’s contract executed between the State and the grantee. The Grants Division provides maximum feasible deference of responsibility and authority to grantees under the program. Whenever possible, deficiencies are rectified through constructive discussion, negotiation, and assistance.

The Grants Division conducts two basic types of monitoring that are determined by the established “Risk
Analysis” process. These include: 1) Desk Review, 2) Desk Monitoring, and 3) On-site Monitoring. The Grants Division reviews each project in order to verify that the grantee is proceeding in the manner set forth in the CDBG Contract.

The Risk Analysis monitoring plan determines whether a project review is completed through a desk
or onsite monitoring review. The factors used for the Risk Analysis include, but are not limited to, the
following:

* Grant award amount;
* Length of time since grantee was monitored;
* Length of time certified administrator was last evaluated;
* Whether the grantee had any significant outstanding audit issues;
* Whether the grantee had any significant outstanding compliance issues;
* The types of grantee projects previously monitored;
* Failure to submit timely reports;
* Citizen complaints;
* Repeated requests for time extensions.

**DESK REVIEW**A Desk Review is performed each time a report and/or request for disbursement is made to ensure that information is accurate and conforms to contract expectations. This also allows the Grants Manager an opportunity to judge the need to provide technical assistance to the grantee prior to a desk or on-site monitoring.

**DESK MONITORING**Desk monitoring is completed offsite by the Grants Division. The AEDC Grants Manager is responsible for overseeing the completion of project activities and to review the grantee’s performance in carrying out the approved project. This review process enables the Grants Division to identify problems requiring immediate attention and to schedule projects for on‐site monitoring as needed.

Some items reviewed during a desk monitoring generally include a review of contract
amendments/extensions; CDBG Project Status Reports; draw down requests; and other supporting
documentation. The Grants Manager utilizes a desk monitoring review checklist.

Monitoring checklists are utilized to ensure that all issues are addressed. The number of times a project
is monitored depends upon the issues that arise during the desk monitoring.

See also the Desk Checklist at the end of this Chapter **(Form 124).**

DESK/OFF‐SITE REVIEW PROCESS

1. The Grants Division uses the following process to undertake and report for desk monitoring:
Grants Manager sends notice of forthcoming monitoring and compliance review within
the Release of Funds letter. An additional letter requesting submission of a Desk Monitoring
Checklist Completed by Grantee will be issued once the project reaches at or near **45% drawn
down**. Exhibit A (CDBG Planning Desk Monitoring Checklist Completed by Grantee) provides
an example of the checklist, please be sure to download the most current forms from the
website. The Checklists in this chapter were current at time this manual was prepared; however,
they are revised continuously to reflect changes in State and Federal regulations.
2. In general, the checklist and supplemental materials may be submitted to the Grants Division once at least **60% of the project funds have been drawn down**. The project activities need not be complete at the time of monitoring; however, in some cases the Grants Division may delay
monitoring and compliance clearance until that time. Please be careful to follow the checklist
and provide the required documentation, providing explanation and additional information
where necessary. Materials should be submitted via mail to the attention of your Grants Manager.
3. Upon submission of requested materials, the Grants Manager reviews documentation and
conducts desk monitoring. This chapter contains the Desk Monitoring Checklist that the
Grants Manager utilizes when monitoring projects off‐site.
4. Grants manager submits monitoring report to the grantee. The Desk
Monitoring Report provided within this chapter provides an example. In some instances where the materials are submitted incomplete, the Grants Manager may contact the local CDBG contact and/or the Grant Administrator for additional records or explanatory narrative prior to issuing the formal monitoring report. The supplemental information is reviewed and a formal report is issue to the chief elected official.
5. The State generally allows 30‐45 days to correct and respond to any findings of deficiency noted
in the report (Example of Desk Monitoring Report Response from Grantee). The
corrective actions should generally follow the recommendations made by the Grants Manager. The Grants Manager will inform the grantee if its response is sufficient to absolve or clear the findings as provided in the report. All monitoring findings must be cleared prior to grant closeout; however, not all Findings can be removed and additional action (e.g. explanatory narrative, submittal of action plan, etc.) may be requested prior to clearance. This Chapter provides an example of a Final Monitoring Report in response to the supplemental
information provided by the grantee.

**ON‐SITE MONITORING**On‐site monitoring is a structured review conducted by the Grants Manager at the location where project activities are being carried out or project records are being maintained. In general, a single on‐site monitoring visit is conducted during the course of a project, unless determined otherwise by the Risk Analysis process.

Monitoring checklists are utilized to ensure that all issues are addressed. The number of times a project
is monitored depends upon the issues that arise during the on‐site monitoring.

See also the On‐site Monitoring Checklist at the end of this Chapter **(Form 125).**

Overall, the Grants Division uses the following processes and procedures for monitoring projects that
receive HUD funds. These include: evaluation on program progress; compliance monitoring; technical
assistance; project status reports; monitoring technical assistance visits; special visits; and continued
contact with grantees by grants managers.

ON‐SITE REVIEW PROCESS

The Grants Division uses the following process to set‐up, undertake and report on on‐site monitoring visits:

1. Grants Manager calls the grant administrator to schedule an on‐site visit. Generally,
visits are scheduled when 60 percent of the grant amount has been expended.
2. Grants Manager sends a letter prior to visit that confirms date and time, the checklists
that will be used, and the people and files needed during the visit. This Chapter contains the
Monitoring Checklist that the Grants Manager utilizes when monitoring projects onsite.
Checklist was current at time this manual was prepared; however, they are revised
continuously to reflect changes in State and Federal regulations.
3. Grants Manager conducts on‐site visit, reviews files, inspects property, completes
checklists and writes report. Grants Manager discusses their findings with the grantee
in an exit conference to correct any problems. Any problems that cannot be corrected will be
discussed in the monitoring report.
4. Grants Manager submits monitoring report to the grantee within 30 days of visit unless circumstances noted on the checklist would indicate a delayed report would be more appropriate. The following Sample State’s Monitoring Report provides an example.
5. The State generally allows thirty days to correct and respond to the findings of deficiency noted in the report (Example Response to State’s Monitoring Report). The corrective action should generally follow the recommendations made by the Grants Manager. The Grants Manager will inform the grantee if its response is sufficient to clear the findings. All monitoring findings must be cleared prior to grant closeout.

**FILE PREPARATION**The Grants Division expects the grantee to have all documents needed for review to be available at the siteof the visit. All grant records must be maintained and under the control of the grantee. The recordsmust be readily accessible by the Grants Division representative. Furthermore, all documentation should be wellorganized for easy review. A good organization approach should be based upon the structure of themonitoring checklist.

**MONITORING REPORT**The monitoring report issued to the grantee following a review contains the following as applicable:

1. Compliance areas reviewed, files reviewed, who conducted the review and the date it occurred;
2. A brief description of the specific statute, regulation or requirement examined;
3. The conclusion (i.e. Satisfactory Performance, Concern, Question of Performance, Finding) and basis for the conclusion reached.
	1. A Satisfactory Performance determination is a conclusion that the grantee is meeting its statutory and regulatory responsibilities.
	2. A Concern raises an issue that does not involve a statute, regulation or requirement, but may involve a management suggestion or program improvement.
	3. A Question of Performance is an inconclusive review that raises a question of whether or not a violation of a statute, regulation or requirement has occurred or compliance cannot be demonstrated. In this case the reviewer will first informally discuss the review with the grantee. If a determination of compliance still cannot be made, the reviewer will request additional information, to be provided within a 30‐day period, to determine whether a violation did occur. This determination is only for a limited period of time. When the Grantee responds to the question, a final determination will be made.
	4. A Finding is a clear, specific and identifiable violation of a statute, regulation or requirement about which there is no question. The action normally requested is for the grantee to explain, within a 30‐day period, what steps it will take to remedy and/or prevent a recurrence of the violation.

*[EXAMPLE DESK MONITORING REPORT]*

[April 1, 20##]

I.M. Mayor
City of \_\_\_\_\_\_\_\_
PO Box ###
City, AR [zip]

RE: Community Development Block Grant (CDBG) 790-#####, City/County of \_\_\_\_\_\_\_
Performance Monitoring Report – Action Required

[Federal Agency: US Dept of Housing and Urban Development/ CFDA#: 14.228]
[CFDA Title: Community Development Block Grant (CDBG)]
[Grant#: B-##-DC-05-0001

Dear Mayor/County Judge:

This report is a summary of the monitoring review conducted by the Arkansas Economic Development Commission (AEDC) Grants Division from documentation submitted by local government officials and the project administrator. The monitoring and compliance process consists of a review of in-house records held in the AEDC files and self-certified documentation provided by the grantee. The report summary follows the report outline submitted for the CDBG Planning Grant Certification Review, which included the Performance Review Checklist. This letter and supporting documents submitted are retained in the grantee’s AEDC file as a record for compliance review by the United States Department of Housing and Urban Development (HUD).

There are four levels of performance as reviewed by the AEDC Grants Division: satisfactory, concern, question of performance, and finding. If deemed necessary, to satisfy HUD regulations and guidelines, this report identifies areas for follow-up documentation and explanation by the local government and administrator. The report may also provide reviews recommending improvement to specific processes and procedures, which the local government must address in future CDBG grants. More information about monitoring can be found in the CDBG Administration Manual.

**A/B/C. Program Progress/ General Files/ Environmental – Satisfactory**

Review of program progress includes status of project activities and reasons for any delays or off-schedules, and related extensions and/or amendments. The general files of the grantee and environmental record are reviewed and compared to those of the Grants Division.

Project: [Project Type]
SAM Validation date: [Date]
Second Public Hearing: [Date]
CDBG funds awarded: $ [30,000]
 Balance CDBG funds: $ [0]
 Match: $ [50,000]
CDBG funds awarded, Grant Administration: $[1,500]
 Balance CDBG funds: $ [0]
Project Status dates: Award: [Date]
 Environmental: Environmental Review Record (ERR) submitted [Date] – [EXEMPT]
 Release of Funds: [Date]
Contract Completion: [Date]
 Extensions: # [0]
 Amendments: # [0]

**D. Financial Management – Question of Performance**Internal control, cash management, accounting records, and audits were reviewed. According to the information provided in the Monitoring Checklist, internal control process consisted of [Development District Q] preparing and mailing invoices to thegrant administrator and City, and subsequently approved by City Board. The Board Chair and Clerk signed and sentdrawdown requests to AEDC. The first two drawdowns were processed prior to issuance of payment and conductedin a timely manner; all other CDBG drawdown requests were submitted to reimburse city funds once invoices were paid in full.

The Department reviewed 5 of 5 CDBG disbursement requests; the records were tested for compliance with the requirements of OMB Circulars A-87 and A-102, Treasury Circular 1075, and with other federal and state laws, regulations, and policies. Grantee met compliance regulations for annual audit notifications and annual audit. Records submitted by the grantee partially document costs and obligations, matching funds, and sources. In reviewing the financial management records, it was noted that bank statements were missing for the months of December 20##, January 20##, August through December 20##. Also there were no cancelled checks for check numbers 1003, 1004, 1005, 1006, and 1007. Without this documentation, the City cannot be considered as having a complete set of financial records.

Corrective Action Required: The City must provide copies of the missing bank statements and cancelled checks identified herein. Following Department review of those items, we will advise you if any other action must be taken.

**E/F. Procurement/Professional Services – Satisfactory**Planning contractor: [Firm A]Executed: [Date] $ [80,000]Administrator: [Development District Q]Executed: [Date] $ [1,500]City is a member of [Development District Q], thus negotiated directly for administration services. A letter/resolution dated December 31,20## from the City/County to designate these services.

City conducted a competitive procurement process. A Request for Qualifications was posted in a prominent place of the local newspaper for 16 days and sent to a list of appropriate firms. The City Board scored all received bids based on technical expertise, past record of performance, firm capacity, and familiarity and selected the highest scoring provider. Supporting documentation reflected procurement procedure for planning firm was found to be adequate and conducted as described.

Professional services contract is in compliance with federal rules for fixed costs or costs not to exceed. Administration contract issued after award and professional services contract executed following the issuance of release of funds. All federal clauses are included in the contracts. Review the grantee’s procurement process found procedures used in obtaining goods and services to be consistent with the grantee’s written procurement procedures and code of conduct and are in compliance. A written statement explaining the basis for selection of firm was provided.

**G/H. Civil Rights/ National Objective – Question of Performance**Our review of this area encompassed recipient Section 3 requirements, fair housing, limited English proficiency (LEP) processes, and program beneficiaries as related to the national objective. Adequate summary data for the percent and number of beneficiaries by gender, ethnicity, and household head was provided. The planning grant meets the national objective of [benefitting low- and moderate-income (LMI) persons on an area basis. The total number of persons benefiting is 100 with 68 low- and moderate-income. The LMI benefit percentage is 68%. A copy of the Four Factor Analysis and related Language Action Plan (LAP) was provided and found to be adequate. Grantee is actively maintaining records regarding their efforts to comply with Title IV LEP Obligations.

The grantee indicated its procedure to Affirmatively Further Fair Housing but did not provide documentation. An event was held at the local public library on February 20, 20##. Documentation as to this action was not provided.

Corrective action required: A copy of the meeting notice, mailing list(s), agenda, meeting notes, and/or attendance sheet for the *fair housing* event should be provided to document the activity to affirmatively further fair housing.

**I. Performance – Satisfactory**The project was completed on time without extensions or amendments. Project status reports were submitted complete and on-time. Final reporting was submitted within a reasonable time of contract completion.

**Summary – Incomplete**The performance review monitoring report identified satisfactory performance in all review areas with the exception of financialmanagement and civil rights – fair housing. The compliance review components of the grant closeout are incomplete until theaforementioned issues are addressed to the satisfaction of this office. **Please address the aforementioned areas of concern within 30 days of receipt of this letter or as otherwise indicated.**

A copy of the Desk monitoring final monitoring checklist, final financial report, and final status report were received by the Department. **A Closeout Letter will be issued upon satisfactory completion of compliance and performance review.**

Sincerely,

Grants Manager Name
Grants Division, AEDC

Copies: [local contact name, Title];
Grant Administrator;

 *[EXAMPLE OF DESK MONITORING REPORT RESPONSE FROM GRANTEE]*

[April 1, 20##]

Grants Manager Name
Grants Division
Arkansas Economic Development Commission
900 West Capitol, Suite 400
Little Rock, Arkansas 72201

Dear Grants Manager:

This letter is in reference to your monitoring report letter of April 1, 20##.

D. FINANCIAL MANAGEMENT
The missing bank statements and cancelled checks requested in your letter are enclosed.

G. CIVIL RIGHTS – FAIR HOUSING
Documentation of other activities that the City has now undertaken to further fair housing is enclosed.
Enclosed is a copy of the meeting notice, mailing list(s), agenda, meeting notes, and attendance sheet for the *Realities of* *Housing for the Disabled* event to document the City’s activity to affirmatively further fair housing.

I am sorry we did not include the abovementioned information initially. I give you my written assurance that we will do better on our next grant. Please let me know if we can provide any additional information.

Sincerely,

I.M. Mayor, Mayor

Enclosures

[April 1, 20##]

I.M. Mayor
City of \_\_\_\_\_\_\_\_
PO Box ###
City, AR [zip]

RE: Community Development Block Grant (CDBG) 790-#####, City/County of \_\_\_\_\_\_\_
Performance Monitoring Report – Action Required

[Federal Agency: US Dept of Housing and Urban Development/ CFDA#: 14.228]
[CFDA Title: Community Development Block Grant (CDBG)]
[Grant#: B-##-DC-05-0001

Dear Mayor/County Judge:

This report is a follow-up to the April 1, 20## monitoring review letter requesting responses to concerns listed by the Grants Division for sections D and G/H. The light gray lettering is printed as stated in the April 1, 20## report. The other statements are based upon documentation submitted by the City in response to the listed concerns. This letter and supporting documents submitted are retained in the Department grantee’s file as a record for compliance review by the United States Department of Housing and Urban Development (HUD).

**A/B/C. Program Progress/ General Files/ Environmental – Satisfactory**Review of program progress includes status of project activities and reasons for any delays or off-schedules, and related extensions and/or amendments. The general files of the grantee and environmental record are reviewed and compared to those of the Department.

Project: [Project Type]
SAM Validation date: [Date]
Second Public Hearing: [Date]
CDBG funds awarded: $ [30,000]
 Balance CDBG funds: $ [0]
 Match: $ [50,000]
CDBG funds awarded, Grant Administration: $[1,500]
 Balance CDBG funds: $ [0]
Project Status dates: Award: [Date]
 Environmental: Environmental Review Record (ERR) submitted [Date] – [EXEMPT]
 Release of Funds: [Date]
Contract Completion: [Date]
 Extensions: # [0]
 Amendments: # [0]

**D. Financial Management – Question of Performance Satisfactory**Internal control, cash management, accounting records, and audits were reviewed. According to the information provided in the Monitoring Checklist, internal control process consisted of [Development District Q] preparing and mailing invoices to thegrant administrator and City, and subsequently approved by City Board. The Board Chair and Clerk signed and sentdrawdown requests to the Department. The first two drawdowns were processed prior to issuance of payment and conductedin a timely manner; all other CDBG drawdown requests were submitted to reimburse city funds once invoices were paid in full.

The Department reviewed 5 of 5 CDBG disbursement requests; the records were tested for compliance with the requirements of OMB Circulars A-87 and A-102, Treasury Circular 1075, and with other federal and state laws, regulations, and policies. Grantee met compliance regulations for annual audit notifications and annual audit. Records submitted by the grantee partially document costs and obligations, matching funds, and sources. In reviewing the financial management records, it was noted that bank statements were missing for the months of December 20##, January 20##, August through December 20##. Also there were no cancelled checks for check numbers 1003, 1004, 1005, 1006, and 1007. Without this documentation, the City cannot be considered as having a complete set of financial records.

Corrective Action Required: The City must provide copies of the missing bank statements and cancelled checks identified herein. Following Department review of those items, we will advise you if any other action must be taken.

**The documentation submitted was reviewed and tested for compliance with the requirements of federal and state laws, regulations, and policies. Grantee met compliance regulations for annual audit notifications and annual audit. No further action is required.**

**E/F. Procurement/Professional Services – Satisfactory**

Planning contractor: [Firm A]Executed: [Date] $ [80,000]Administrator: [Development District Q]Executed: [Date] $ [1,500]City is a member of [Development District Q], thus negotiated directly for administration services. A letter/resolution dated December 31,20## from the City/County to designate these services.

City conducted a competitive procurement process. A Request for Qualifications was posted in a prominent place of the local newspaper for 16 days and sent to a list of appropriate firms. The City Board scored all received bids based on technical expertise, past record of performance, firm capacity, and familiarity and selected the highest scoring provider. Supporting documentation reflected procurement procedure for planning firm was found to be adequate and conducted as described.

Professional services contract is in compliance with federal rules for fixed costs or costs not to exceed. Administration contract issued after award and professional services contract executed following the issuance of release of funds. All federal clauses are included in the contracts. Review the grantee’s procurement process found procedures used in obtaining goods and services to be consistent with the grantee’s written procurement procedures and code of conduct and are in compliance. A written statement explaining the basis for selection of firm was provided.

**G/H. Civil Rights/ National Objective – Question of Performance Satisfactory**

Our review of this area encompassed recipient Section 3 requirements, fair housing, limited English proficiency (LEP) processes, and program beneficiaries as related to the national objective. Adequate summary data for the percent and number of beneficiaries by gender, ethnicity, and household head was provided. The planning grant meets the national objective of [benefitting low- and moderate-income (LMI) persons on an area basis. The total number of persons benefiting is 100 with 68 low- and moderate-income. The LMI benefit percentage is 68%. A copy of the Four Factor Analysis and related Language Action Plan (LAP) was provided and found to be adequate. Grantee is actively maintaining records regarding their efforts to comply with Title IV LEP Obligations.

The grantee indicated its procedure to Affirmatively Further Fair Housing but did not provide documentation. An event was held at the local public library on February 20, 20##. Documentation as to this action was not provided.

Corrective action required: A copy of the meeting notice, mailing list(s), agenda, meeting notes, and/or attendance sheet for the *fair housing* event should be provided to document the activity to affirmatively further fair housing.

**Grantee provided documentation of activity to Affirmatively Further Fair Housing. On January 14, 20## the City published a Fair Housing notice in the local newspaper. The notice stated that the grantee is an active supporter of Fair Housing Laws and included contact information for the community’s Fair Housing Representative. City provided a copy of the notice and affidavit of publication as documentation.**

**I. Performance – Satisfactory**The project was completed on time without extensions or amendments. Project status reports were submitted complete and on-time. Final reporting was submitted within a reasonable time of contract completion.

**Summary –** Incomplete **Satisfactory**

**The documents submitted in response to the performance review monitoring report that identified concern in the areas of Financial Management and Civil Rights are accepted. As stated the City’s Question of Performance is now Satisfactory. A copy of the project closeout forms were previously received by the Department. A Closeout Letter will be issued.**

Sincerely,

U. R. Cleared
Grants Manager

Copies: [local contact name, Title];
Grant Administrator;

ONSITE MONITORING EXAMPLE

[April 1, 20##]

I.M. Mayor
City of \_\_\_\_\_\_\_\_
PO Box ###
City, AR [zip]

RE: Community Development Block Grant (CDBG) 790-#####, City/County of \_\_\_\_\_\_\_
Performance Monitoring Report – Action Required

[Federal Agency: US Dept of Housing and Urban Development/ CFDA#: 14.228]
[CFDA Title: Community Development Block Grant (CDBG)]
[Grant#: B-##-DC-05-0001

Dear Mayor/Judge:

This letter is a status report of the Arkansas Economic Development’s Commission’s (AEDC) review of the [City/County] of \_\_\_\_\_\_\_\_ (type of project) project. The monitoring session took place at the City/County office in [City/County] on [Date Monitoring Conducted]. Those in attendance include: [list names of Grants Manager, Clerk, [City/County] Administrator, Certified Administrator, etc.]. This report follows the outline of the Performance Review Checklist for the [CDBG Project Type] Grants. The review was limited to the following performance areas.

The following is an introductory summary of key action dates and benchmarks that are used to measure the grant status in relationship to fundability and accountability.

* Project status: [completed on schedule].
* Award letter date: [May #, 2###]
* Release of Funds (ROF) date: [July #, 2###]
* Contract completion date: [May #, 2###]
* Amendments # issued: [0]
* Extensions # issued: [0]

**A. National Objective Compliance – Satisfactory Performance**The current project status report confirms through reporting LMI beneficiaries for the designatedproject area. The street improvement activity meets the national objective for benefiting low- andmoderate-income persons on a service area basis. The, service area includes totalbeneficiaries of [total # of beneficiaries], and of which [# of LMI] or [percentage] % are reportedas LMI persons.

**B. Program Progress - Satisfactory Performance**The project was completed and records indicate that the construction end date was July #, 2#.

**C. Environmental Review *–* Satisfactory Performance**The environmental review record conducted for the [Grant No. ##-XX-##] consist of a narrative report,consultation letters, the Statutory/Categorically Excluded Checklists was signed by Mayor Dough on

May #, 2###. No funds were obligated or spent and no physical development activities begun prior to Release of Funds dated July #, 2###.

**D. General Files/Documents - Satisfactory Performance**The project files include documentation for meeting the special conditions for the July #, 2### releaseof funds. The CDBG notice of award was issued [Date]. The Code of Conduct and ProcurementProcedures were originally approved [Date]. The [City/County] of \_\_\_\_\_\_\_\_ had its first public hearingJune #, 2###.

**E. Financial Management - Satisfactory Performance
Internal Control:** Invoice claims are reviewed by the engineering firm and submitted to the[City/County] Clerk for approval. The [City/County] Clerk then submits project invoices to the CertifiedGrant Administrator. The Certified Administrator prepares CDBG drawdown forms and sends thoseback to the [City/County] for signature by the clerk and Mayor. Once the drawdown forms are signed theyare submitted to NEDED for processing.

**Cash Management:** CDBG funds are deposited into a specific bank account set up for CDBG activity. The account is non-interest bearing and then transferred directly to a non-interest bearing set-aside account established to track funds by CDBG activity. [The City/County] Clerk reconciles the accounts monthly.

**Accounting Records:** Records track expenditures by approved activity. Program costs and obligations can be traced to source documentation for the contracted services and running balances are maintained in both, hand-written journals and electronic accounting processes. Documentation is adequate. Records track expenditures by approved activity.

Nine (9) CDBG disbursements in the amount of [$] had been submitted to the [City/County] and processed by the time of the Departments on-site monitoring visit. Drawdown’s 4, 5, 7 and 9 were audited. Each drawdown had acceptable support documentation that validates proper payment for eligible cost incurred while performing the CDBG eligible activities as outlined in OMB A-87.

Payments were promptly processed.

**F. Procurement – \*Finding**

The [City/County] of \_\_\_\_\_\_\_ is a member of [Development District] so they did not need to procure for administrative services. The CDBG Certified grant administration contract between the [City/County] and [Development District] was fully executed on [Date].

A Request for Qualifications was posted in the local newspaper and sent to a list of three appropriate firms for the Project Engineer. Only one proposal, from Firm One, was received, reviewed, and selected based on technical expertise, past performance, capacity, and proposed time frame.

Due diligence must be maintained by the Grantee to ensure proposals are solicited from an adequate number of qualified sources. For all future projects, efforts must be made to follow this and other procurement guidelines as described in the most current version of the CDBG Administration Manual; this document is available on the Department website. **A statement and action plan addressing this** **matter is requested within 30 days of receipt of this letter.**

**Section 3/Minority Owned & Woman Owned Business**- **Satisfactory Performance**

The [City/County] of \_\_\_\_\_\_\_ does have a procurement process in place that specifically encourages Minority or Woman owned businesses to apply; there is a targeted strategy to recruit Section 3 businesses.

**G. Professional Service Contract- Satisfactory Performance**

The two contractual documents between the [City/County] of \_\_\_\_\_\_\_ and Firm One (engineering) and Development District (CDBG administration) include all of the rules and regulatory pieces required by the State and Federal Agencies; HUD and the CDBG State of Arkansas programs respectively, including the fixed cost/not –to-exceed clause as required.

**H. Civil Rights - Satisfactory Performance**

Summary data on the number and percent of beneficiaries was provided for review by Department in the document entitled Project Status Report which validates the population data that supports the National Objective criteria for compliance within the CDBG program(s) offered by the State of Nebraska.

The [City/County] of \_\_\_\_\_\_\_\_\_ does have a written equal opportunity employment and personal practices policy.

**Fair Housing:** The [City/County] of \_\_\_\_\_\_ promoted Fair Housing by designating April as Fair Housing month in 2###. The [City/County] promotes Housing rights and has express criteria for filing a complaint with the [city/County].

**Summary Response
*In summary, this monitoring report identified Satisfactory Performance in all areas with the exception of* *procurement section. The [City/County] will need to submit a*** statement and action plan addressing thismatter ***regarding due diligence*** is requested within 30 days of receipt of this letter***.***

**A Closeout Letter will be issued upon satisfactory completion of performance review.**

Sincerely,

Grants Manager
Grants Management Division

Copies: [local contact name, Title];
Grant Administrator