Monitoring Plan

For

Community Development Block Grant (CDBG)

Program

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Introduction and Background

The North Dakota Department of Commerce (NDDOC) receives an annual allocation of State Community Development Block Grant (CDBG) funds from the United States Department of Housing and Urban Development (HUD) to support North Dakota's housing and community development needs and priorities, as identified in NDDOC's Consolidated Plan and Annual Action Plans. The CDBG Program is administered by the Department of Community Services (DCS) in compliance with the Housing and Community Development Act (HCDA) of 1974 and the Code of Federal Regulations (CFR) for the CDBG Entitlement Program found at 24 CFR Part 570.

In addition to the NDDOC's CDBG Program Guidelines, the Notice of Funding Availability (NOFA) and policy directives identify requirements for eligible and allowable uses of CDBG resources. NDDOC also solicits input on the method of distribution of funds (MOD) to eligible Units of General Local Government ("UGLGs" or "Grantees") through the Annual Action Plan public participation process.

To ensure compliance with the provisions noted above, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards found at 2 CFR 200, and other federal and NDDOC contractual requirements, NDDOC has established a monitoring system to conduct objective reviews of HUD-funded programs and activities and ensure that federal funds are expended in accordance with program requirements. This responsibility extends to all CDBG activities implemented by UGLGs or other entities (developers, non-profit subrecipients, etc.) and is integrated into NDDOC's grant management processes across the full award life cycle.

There are two types of monitoring activities addressed in this monitoring plan: **project/activity monitoring and internal control monitoring.** Monitoring must address both program-wide and project-specific issues and may be carried out through a combination of internal desk review, remote monitoring, and/or on-site monitoring. The five (5) primary goals of monitoring are to:

1. Ensure production and accountability;
2. Ensure compliance with CDBG Program and other federal and NDDOC requirements;
3. Evaluate organizational, program and project performance, as well as on-going project viability (financial health, management capacity, etc.);
4. Design any corrective actions necessary to improve or reinforce performance; and
5. Identify the training and technical assistance needs of UGLGs managing CDBG Program resources.

The NDDOC's existing CDBG resources referenced in this Monitoring Plan include the Program Distribution Statement, CDBG Administrative Manual, and Citizen Participation Plan. This Monitoring Plan supports and does not replace these existing resources.

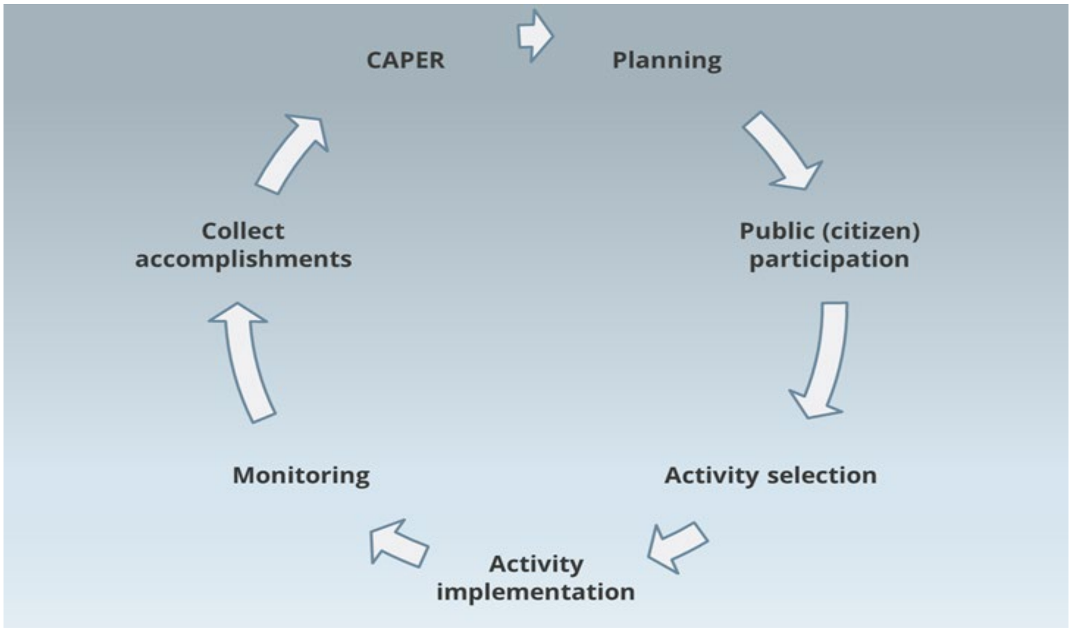
Monitoring Objectives

The overall objectives for this Monitoring Plan include, but are not limited to:

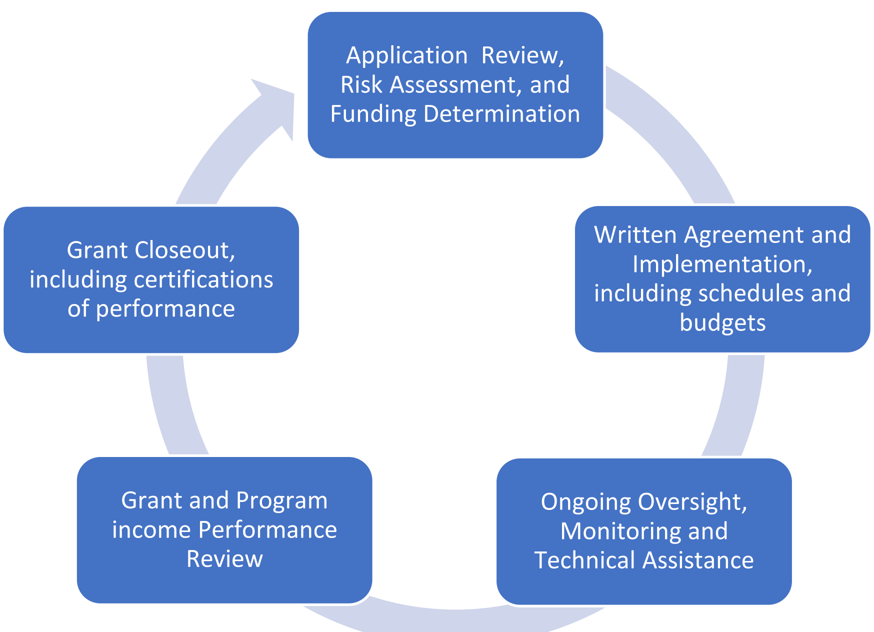
- Efficiently and effectively assessing NDDOC management of project status reports, invoices, desk reviews, risk analysis evaluations, and monitoring activities for compliance with Federal and CDBG Program statutes, regulations, and guidelines.
- Providing UGLGs with the necessary resources to achieve and report on compliance on a project/activity basis.
- Building UGLG capacity to administer and/or carry out program/project activities in accordance with Federal and NDDOC CDBG Program statutes, regulations, guidelines, and protocols.
- Ensuring financial management practices and internal controls are compliant with all requirements of the Federal and NDDOC statutes and regulations, and Office of Management and Budget (OMB) requirements.
- Assessing UGLGs continuing financial and management capacity for carrying out NDDOC approved CDBG Program grant and program income funded projects and programs.
- Determining if UGLGs are carrying out CDBG Program activities in a timely manner and in accordance with the objectives and dates in the Financial Award.
- Determining if costs charged to the CDBG Program by grantees are eligible under applicable laws and Federal regulations.
- Determining if grantees have adequate control over program and financial performance, and minimizing opportunities for waste, mismanagement, fraud, and abuse for CDBG Program activities.
- Identifying potential problem areas UGLGs have in complying with applicable program and related laws and regulations and cross cutting requirements.
- Assisting UGLGs in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
- Providing adequate follow-up measures, including sanctions, to ensure that performance and compliance deficiencies are corrected by UGLGs, and not repeated.
- Determining if any conflicts of interest exist in the operation of the CDBG Program.
- Ensuring UGLGs maintain all required records necessary to demonstrate compliance with applicable regulations and cross cutting requirements.

Methodology and Approach

NDDOC's approach to its CDBG program oversight occurs throughout the life cycle of a grant award. This approach leverages existing staff resources, systems, and protocols. A typical annual CDBG "program cycle" is illustrated in the following chart:



NDDOC's Monitoring Plan correlates with the annual CDBG program cycle. The Monitoring Plan includes procedures to assess compliance with the regulations and cross-cutting requirements for CDBG program as illustrated in the following chart:



This process enables NDDOC to assess grantee compliance throughout the full grant award cycle and includes **application and contracting, project implementation, internal desk review, a risk-based analysis of current grant and program income activities, remote and on-site monitoring, training, and technical assistance.** The workflow, policies, procedures and required processes in this plan will assist DCS staff in the implementation of this methodology.

Grant and Program Income Performance

Risk Analysis Evaluation (RAE)

All CDBG awards will be evaluated for risk. NDDOC will utilize and update the risk factors described in the Risk Assessment tool (see Appendix C) as needed. The results of the Risk Assessment determine the level of risk associated with each grantee per program year. NDDOC will establish the foundation for monitoring activities during the project cycle. On an annual basis, risk factors for all newly awarded grantees will be included and an evaluation of open awards based on risk will occur.

NDDOC completes the Risk Assessment each year and will include:

1) CDBG awards with executed Financial Agreements that have not yet expired, or that have expired within the last 12 months
2) CDBG economic development program income including receipts and/or expenditures.

The Risk Assessment tool will rank the grantees to determine which represents the highest risk. Risk factors and their associated values include grantee capacity, type and complexity of activities undertaken, compliance reporting, outstanding findings or sanctions, and other criteria described in more detail in the next section of this Plan. Grantee's will be ranked as follows:

> <u>High Risk</u> – grantees in the top one third of the total (those with the highest total scores) will be rated as "high risk;"
> <u>Medium Risk</u> – grantees in the middle one-third of the total will be rated as "medium risk;" grantees; and
> <u>Low Risk</u> - those grantees not rated as either High or Medium risk will be rated as low risk.

The scores in the Risk Assessment tool will also help identify training and technical assistance needs and guide stronger remote oversight.

Funding Determination

NDDOC's Preapplication process provides prospective applicants with the expectations, requirements, processes, and timelines for funding opportunities. Submitted preapplications from UGLGs are reviewed for threshold, eligible activity and national objective compliance and are rated and ranked, ensuring awards are made to the most competitive applications.

Financial Agreement

The Financial Agreement establishes the foundation for NDDOC staff to perform ongoing oversight throughout the funding life cycle. During the Financial Agreement development process, DCS staff work with the UGLG to make sure that the schedule and budget exhibits accurately reflect their mutual understanding of the activity to be carried out.

Ongoing Oversight

DCS staff carry out grant management throughout the program year which includes ongoing project and performance oversight and communication with the UGLG.

Desk Reviews/Reporting

All NDDOC Financial Agreements will require **standard project schedules, project progress reports** and **reimbursement requests** that must be submitted by the UGLG for the life of the agreement. DCS staff will perform desk reviews by requesting, assessing, and reviewing the UGLG's CDBG-funded grant reports and related documentation for compliance from project implementation through completion and closeout. These reviews help ensure that all projects are monitored through the implementation period for meeting performance, financial and other objectives in the Financial Agreement. Project progress reports will include each project within the Financial Agreement and will identify the activities and project types, funding sources and identify all required compliance events or milestones required to satisfy CDBG, and applicable cross-cutting Federal requirements.

Quarterly Request for Funds

UGLGs are required to submit quarterly drawdown requests using the SFN 4630 CDBG Request for Funds Form (Appendix A). Each request for funds must also report project information in the following forms:

Section 3:

- Section 3 Acknowledgement (SFN 62112)
- Section 3 Business Concern Certification (SFN 62111)
- Section 3 Work Self-Certification (SFN 62110)
- Section 3 Work Hours and Outreach Effort (SFN 62109)

Build America, Buy America Act:

- Buy America Certification (SFN 59544)

Project Progress Report

At the beginning of a project/program, DCS staff sets up the individual benchmarks and timelines to track individual progress. To track progress, DCS staff will use information submitted by the UGLG in the SFN 52342 Semi-Annual Progress Report (Appendix B) along with any related activity updates and information. DCS staff review progress as described in the report with the terms of the grant and compliance with applicable statutes and regulations. Semi-annual reviews may result in informal communication with the UGLG regarding any issues with compliance, progress, or opportunities for improvement.

National Objective Compliance

DCS staff will review the UGLG's compliance with meeting CDBG National Objective requirements during the preapplication stage based on the type of activity proposed to be undertaken. During pre-application review, DCS staff will indicate acceptance with meeting the National Objective requirements or list concerns that require further clarification from the UGLG or denial of the application.

In addition to the review for National Objectives, the UGLG submits their independent Single Audit or other Audit reports for review by NDDOC fiscal staff during the full application stage. For UGLGs that meet the Single audit threshold at 2 CFR 200, Subpart F (currently $1 mil.) fiscal staff will review the Single Audit Clearinghouse (www.fac.gov) to assess any findings associated with federal funding and will establish any corrective action(s) for the UGLG. Fiscal staff will notify the UGLG of its determination for any audit concerns and/or findings that require corrective action(s) or clarification, including denial of the application.

Remote and On-Site Monitoring

The NDDOC will conduct remote and on-site monitoring annually based on the results of the annual risk assessment evaluation. DCS staff will schedule remote and on-site monitoring visits with selected projects/UGLGs. The monitoring review will use monitoring checklists specific to the project type(s) selected for monitoring. On-site reviews will use checklist SFN 52348 (Appendix D). File reviews for both on-site and remote monitoring will use checklist SFN 59421 (Appendix E). A notification letter will be sent to the UGLG for both remote and on-site monitoring (Appendix F). The Monitoring Review Letter (Appendix G) and report (Appendix H) will be issued to the UGLG following the completion of the remote or on-site monitoring and review of the findings, concerns and any corrective actions identified.

Each of the protocols identified above will be addressed further in this monitoring plan.

Cross Cutting Regulatory Monitoring

Based on the results of the annual risk assessment evaluation, DCS staff will use its monitoring checklists to review for cross cutting requirements as part of its remote or on-site reviews. Reviews for cross-cutting compliance will include but are not limited to the following compliance areas: Labor Standards/Davis Bacon, Procurement/Cost Principles, Fair Housing, Financial Management, Uniform Relocation Act.

Any findings, concerns and corrective actions identified during the cross-cutting review will be addressed in the formal Monitoring Review Letter issued to the UGLG following the completion of the remote or on-site review.

Grantee Capacity Building

Working with UGLGs to increase their capacity to effectively carry out their programs is a key responsibility of DCS staff. DCS staff will use ongoing communication, desk reviews, and reporting tools to identify Technical Assistance (TA) needs and connect UGLGs with available HUD and NDDOC resources and training.

Closeout

The closeout of each Financial Agreement ensures all activity documentation is complete and that the UGLG's recordkeeping practices will safeguard documents for the required retention period. Grant closeout procedures are described in Section 16 of the *CDBG Grant Administration Manual*.

No Financial Agreement may be closed out if there are unresolved or open monitoring issues. A Financial Agreement is not considered closed unless the closeout process has been completed, with a Close Out Letter issued to the UGLG by NDDOC. The date of the closeout letter is used to evaluate whether an UGLG has any open CDBG projects in the past 5 years during the next preapplication round.

Monitoring Protocols

This section addresses DCS staff processes, procedures and protocols required to implement its monitoring strategy and ensure compliance events and requirements are monitored on an activity basis effectively and efficiently.

Grantee Monitoring

Grantee monitoring involves several aspects of oversight including preapplication review, full application review, Financial Agreement execution, desk reviews, risk analysis evaluation, remote monitoring, and on-site monitoring. This section addresses those procedures related to monitoring an activity during various stages of the grant cycle.

Workflow Process Overview

The following chart provides an overview of the UGLG monitoring stages, DCS staff tasks and procedures and recommended resources for each stage.

Project Monitoring Stages	Summary of Monitoring Tasks and Procedures	Resources
Preapplication and Full Application	• DCS staff will review activities proposed in the preapplication to ensure compliance with CDBG national objective and CDBG eligibility criteria • DCS staff will review proposed costs to determine cost eligibility and reasonableness in conformance with 2 CFR 200	• Eligibility & National Objective • Program regulations
Financial Agreement	• DCS staff will review the Financial Agreement, program guidelines, and exhibits, as applicable • Using criteria in the CDBG Administrative Manual, DCS staff will assist with semi-annual project status report templates, project budgets and request for funds templates as required by the Financial Agreement	• RAE • Financial Agreement • Semi-Annual Project Status Report (SFN 52342) • Request for Funds (SFN 4630) • Program Regulations
Risk Analysis Evaluation	• DCS staff will assess UGLG/project performance against project schedules, budgets, timely submission of the semiannual report and source documentation • DCS staff will review the UGLGs Request for Release of Funds (RROF) and all back up documentation, as applicable • DCS Staff will complete a **Risk Analysis Evaluation (RAE)** to document UGLG capacity, timeliness, compliance with reporting requirements, and outstanding issues • DCS staff will evaluate risk assessment scores to determine which UGLGs fall within the high,	• 2 CFR 200.331(b) • RAE Sheet • Program Regulations • Financial Agreement

	medium, and low risk categories and identify the UGLGs that will receive on-site or remote monitoring, training, or technical assistance during the program year • Following completion of the risk assessment, DCS staff will notify UGLGs selected for remote and on-site review via a **formal letter** and establish the dates for the review.	
Desk Reviews	• Desk Reviews begin with the DCS staff receipt of the executed Financial Agreement, application, rating and ranking, correspondence, etc. • DCS staff will monitor UGLG's progress against project schedules and budgets as submitted with the application and Financial Agreement. • DCS staff will review quarterly CDBG Request for Funds (SFN 4630) to ensure timely expenditure of project funds. • DCS staff will communicate with UGLGs on compliance with key **CDBG project milestones and deadline requirements** (e.g., clearing general conditions, construction start and progress, annual progress reporting, and expenditure deadlines) • DCS staff will review semi-annual reports (SFN 54342) for timely submissions and compliance and for providing CAPER information.	• Project Schedule (by project/activity type) • CDBG Request for Funds (SFN 4630) • Semiannual Report (SFN 54342) • DCS Project Management Database (Dynamics 365) • IDIS Reports, as applicable (e.g., PR-O2) • Program Regulations
Remote Monitoring	• DCS staff will conduct remote monitoring based on the RAE and proposed schedule. • Based on the areas of concern identified in the RAE, DCS staff will remotely monitor UGLG for compliance with CDBG requirements, fiscal and cross cutting requirements, as appropriate • DCS staff will use template **monitoring checklists** to conduct the remote monitoring • DCS staff will document in a **Monitoring Report** all findings, concerns, corrective actions, and recommendations for the UGLG • DCS staff will update recipient files (hard copy) with source documentation and follow-up, as applicable	• 2 CFR Part 200 • Program Regulations • Part 58 Regulations • Davis Bacon and all Related Acts • File Review Checklist

On-site Monitoring	• DCS staff will conduct onsite monitoring based on the RAE and proposed schedule. • DCS staff will send a notification letter to the UGKG with the dates and areas that will be reviewed • DCS staff will hold an entrance conference with key staff of the UGLG and explain the purpose and scope of monitoring visit • DCS staff will use template **monitoring checklists** to conduct the monitoring visit • DCS staff will **review case files using monitoring checklists** specific to the activity specified in the Financial Agreement and any **related cross-cutting or fiscal requirements** • DCS staff will schedule an exit conference with the UGLG Representative(s) to discuss findings or concerns identified during the monitoring visit • DCS staff will document in a **Monitoring Report** all findings, concerns, corrective actions, and recommendations for the UGLG • DCS staff will mail the final Monitoring Report to the UGLG's Chief Elected Official within 45 days of exit conference	• RAE • Notification Letter • Monitoring Checklists • Monitoring Report and Cover Letter • Program Regulations
On-site Monitoring Follow-up Activities	• UGLGs will be provided **30 days to respond** to all findings and concerns • DCS staff will **request supporting documentation** to verify that findings and concerns are cleared • If UGLG fails to correct findings, DCS staff shall consult the Director of DCS to discuss further actions. DCS Director may consult with the Commissioner of Commerce	• Monitoring Findings Closeout Letter • Program Regulations

Application Stage

NDDOC's monitoring plan and strategy and staff responsibilities begin during the application process. Preapplications and full applications are submitted for CDBG activities and typically include the following eligible activities as outlined in the annual *Program Distribution Statement (PDS)*:

CDBG Activities	
Public Improvement	Includes acquisition, construction, or installation of public improvement projects, as well as public improvement projects-in-support of Housing new construction
Housing Programs	Includes housing rehabilitation for single family primary residential units, and multi-family rental rehabilitation, with or without acquisition
Economic Development	Primary Sector Businesses: (a) Acquisition of real property; (b) acquisition, construction, reconstruction, rehabilitation, or installation of 1) public facilities; 2)

	commercial or industrial buildings or structures and other commercial or industrial real property improvements; 3) equipment

All applications for CDBG public facilities and housing funding will include an a***pplication checklist*** (SFN 60155) which verifies eligibility, national objective, and other threshold criteria. The application criteria for economic development projects are described in the CDBG Program Distribution Statement.

a. DCS staff will use these forms, as applicable, to review applications for general CDBG eligibility and compliance with national objectives. DCS staff may contact UGLG if there are any questions regarding eligibility and national objective compliance.

b. DCS staff will review proposed costs in the application budget to determine general cost eligibility in conformance with 2 CFR Part 200, as applicable. DCS staff may contact UGLG if there are any questions regarding cost eligibility or cost reasonableness.

Financial Agreement Stage

The Financial Agreement Stage establishes the foundation for NDDOC staff to perform desk reviews. Using information submitted in the application, DCS staff prepare the Financial Agreement and include references to program guidelines and application documents, as applicable. DCS staff will ensure the Financial Agreement includes:

- A detailed project description, any project specific special conditions, and reporting and recordkeeping requirements;
- Activity expenditure milestones; and
- Project budget

All report forms and templates will be made available on NDDOC's web site:

Risk Analysis Evaluation Stage

As required by 2 CFR 200.331(b), after application review, award, and execution of the Financial Agreement, DCS staff will conduct a **Risk Analysis Evaluation (RAE)** of each UGLG. A **RAE Sheet** will be used to identify key areas that affect risk including but not limited to UGLG capacity, type of activity undertaken, timeliness of expenditure, and previous monitoring and compliance issues. The results of the RAE will be used by DCS staff to determine any additional level(s) of engagement with the UGLG and to determine the number and type of remote and onsite monitoring reviews that will be conducted on an annual basis. The RAE will use objective criteria to evaluate UGLGs use of CDBG funds using the following activities and protocols during this stage.

a. DCS staff will assess UGLG performance against capacity, project schedules, timely submission of quarterly CDBG requests for funds, semiannual reports and source documentation submitted.

b. DCS staff will complete a **Risk Analysis Evaluation (RAE)** after application review, award and execution of the Financial Agreement to determine the level of risk, based on documents submitted in the application, overall performance of the UGLG against project schedule, documentation of quarterly and semiannual reporting, and adherence to NDDOC program guidelines.

c. DCS staff will enter each UGLG with an open CDBG project into a **RAE spreadsheet** which summarizes all RAE scores from highest to lowest score. (High score = higher level of risk, low score = lower level of risk.)

d. One third of the scores shall be identified as “High Risk, one third of the scores shall be identified as “Medium Risk,” and the remaining one third of the NDDOCs shall be identified as “Low Risk.” In the event that more than one UGLG has the same score, DCS staff will determine which UGLGs will be selected for remote or onsite monitoring, training or technical assistance based on workload, availability of resources, and other factors.

Ongoing Oversight

Desk Review

DCS staff will use reports submitted by the UGLG or generated by IDIS to perform internal desk reviews. The reports will be used to help determine timeliness, compliance with reporting and recordkeeping requirements, and any technical assistance needs using the following activities and protocols for this stage.

a. Desk Reviews begin with the receipt of the executed Financial Agreement

b. DCS staff will monitor UGLG’s progress against project schedules and budgets through the quarterly CDBG Request for Funds (SFN 4630).

c. DCS staff will review the Semi-Annual Report (SFN 52342) to assess UGLG compliance with key CDBG general conditions, construction start and progress, and project deadline requirements.

d. UGLGs must submit their independent Single Audit or other audit reports with the full application. DCS staff review the audit report for compliance with the Uniform Guidance under 2 CFR 200, as applicable. Financial Agreements will not be executed until the UGLG is in compliance with audit requirements.

e. DCS staff will communicate with UGLGs as needed to address any concerns or issues found during the desk review stage.

Remote Monitoring

DCS staff will conduct remote monitoring of UGLGs for compliance with overall CDBG program requirements and other areas of review selected by DCS staff. DCS staff will use the quarterly and semi-annual reports specific to the project type and funding source, along with any requested documentation to assess initial compliance for UGLGs selected for remote review. DCS staff will review compliance to date with program regulations, eligibility, Financial Agreement requirements, cross cutting federal requirements, and DCS program guidelines.

For UGLGs selected for review for financial management/compliance with 2 CFR 200, DCS staff will review a sampling of invoices submitted with quarterly funds requests. UGLGs are required to submit all supporting documentation for the selected draws for remote review by DCS staff. DCS staff will issue a Monitoring Letter and Report with any concerns and/or findings that require corrective action(s).

On-site Monitoring Stage

Once the risk analysis process and ranking are completed, DCS staff will schedule on-site monitoring visits with selected projects/UGLGs. DCS staff will use interview questionnaires and on-site monitoring checklists, specific to the program and/or project type(s) selected for monitoring, as well as any applicable administrative and cross cutting checklists. The process for on-site monitoring will be carried out as follows:

1. DCS staff will hold an entrance conference with UGLG officials (or their designee), staff, and contract administrators to explain the purpose and scope of the monitoring visit. During the entrance conference, DCS staff will provide an overview of the following items:
   - Purpose of the monitoring visit
   - Scope of the monitoring review
   - Estimated length of the review
   - Documents to be reviewed
   - Individuals to be interviewed and consulted
   - Procedures for reporting deficiencies noted during the review
   - Procedure for responding to findings

2. DCS staff will use various **on-site monitoring checklists** (Appendices D and E) to conduct the monitoring visit with applicable UGLG staff to evaluate *project performance, regulatory compliance, and fiscal accountability*.
3. DCS staff will **review project files using documentation checklists** specific to the activity being implemented by the UGLG as specified in the Financial Agreement, including any **related cross-cutting or fiscal requirements**.
4. DCS staff will schedule an exit conference with UGLG's elected official(s) (or their designees) and administering staff/contract personnel to discuss all preliminary observations and conclusions from the monitoring visit.

5. Within 45 days after the exit conference, DCS staff will send a **Monitoring Report** to the UGLG that summarizes the review, including identifying any findings and concerns that resulted from the review and the appropriate corrective actions necessary to clear the findings. Note: see sample Monitoring Report format in Appendix H.

   Note: *Both remote and on-site compliance reviews should be in a letter/report to the UGLG, outlining any required corrective actions that must be taken. In addition, NDDOC will include "concerns," "recommendations," and/or "Questioned Costs." Concerns cover items that could become "Findings of Non-compliance" if not corrected by the UGLG.*

   Note: *A* ***Referral*** *is completed when there is a known or suspected incident of fraud or program abuse involving employees of an UGLG, their contractors, subrecipients, service providers, or program participants. Any act which raises questions concerning possible illegal expenditures or other unlawful activity or otherwise constitutes an action or situation arising out of management ineptitude or oversight, leading to violations of HUD and other regulations. With possible serious violations it is not necessary to absolutely prove the existence of the violation. Once enough facts have been established to create a reasonable belief that serious irregularities exist, those facts will be used to support a request for independent audit, or investigation by the proper authorities.*

A Monitoring Referral must be prepared and submitted by DCS staff to NDDOC leadership when there are suspected or actual violations. The report is used to initially inform the NDDOC of incidents involving employees of the UGLG, their contractors, subrecipients, service providers or program participants.

6. If the report has findings, recommendations for corrective action will be made and a response from the UGLG will be required to be submitted within **30 days** of receipt of the report. In the event the monitoring report cannot be completed and submitted to the NDDOC within 45 days of the completion of the monitoring, an interim letter must be sent by the UGLG that explains the reasons for the delay. *Note: If the on-site monitoring visit did not identify any findings or concerns, the report shall indicate compliance was confirmed and that no further action is required by the UGLG.*

Follow-up Actions (Program Compliance Issues)

This stage involves the resolution of any findings or concerns identified during the on-site monitoring visit. The following outlines the process that will be used to address compliance findings and related issues identified during the monitoring visit.

a. NDDOC shall provide UGLGs **30 days to respond** to all findings and concerns. During the resolution period, DCS staff will continue to update the monitoring file, as needed. These updates should include the dates of any correspondence or communications to and from the UGLG and a summary of the actions or results taken by the UGLG regarding each finding or concern.

b. DCS staff shall **request supporting documentation** to verify that findings and concerns are cleared.

c. If the UGLG fails to demonstrate that the corrective actions required in the report have been completed, DCS staff shall consult the DCS Director to discuss further actions which may include:

    - Temporarily suspend project reimbursements pending correction of the deficiency for the UGLG.
    - Disallowance of all or part of the cost of the activity or action not in compliance.
    - Whole or partial suspension or termination of the current award for the UGLG's project.
    - Withhold further CDBG program awards to the UGLG until corrective actions are completed.
    - Take other actions that may be legally available, including referral to HUD or the Office of the Inspector General (OIG) or other options as applicable.

Recordkeeping

NDDOC will establish and maintain sufficient records to document compliance with all CDBG program requirements. All documentation collected from UGLGs through desk reviews, remote monitoring and on-site monitoring activities should be included in the UGLGs file in preparation for project closeout. The following outlines the activities to be completed during the Recordkeeping Stage.

a. DCS staff will require UGLGs to organize their files to reduce the incidence of poor recordkeeping. Records should include but are not limited to:
   - Project Application (approved, which becomes part of the Financial Agreement)
   - Environmental review records
   - Financial Agreement
   - Procurement records
   - Contracts with any hired professional service providers or grant administrators
   - Construction Contracts (including sub-contractors)
   - Project budgets
   - Labor standards determinations
   - Architectural plans & specifications (where applicable)
   - Change orders
   - Property descriptions
   - Beneficiary description and income documentation
   - Lead-paint disclosure and clearance report (where applicable)
   - Project closeout file
     - Final payment
     - Program income documentation (where applicable)

DCS staff will review, collect, and confirm all required program records are on file **at project/grant closeout in** accordance with CDBG program regulations.

Semi-Annual Reports

NDDOC requires submission of a semi-annual report (SFN52342) by UGLGs for all CDBG assisted projects. DCS staff will review the reports for completeness and compliance with state CDBG Program regulations and reporting standards. DCS staff will notify the UGLG of any deficiencies and required corrective actions.

PER/CAPER

HUD requires the NDDOC to annually review and report on the progress achieved in completing its strategic plan and annual action plan, as outlined in the five-year Consolidated Plan. DCS staff prepare the state CDBG Performance and Evaluation Report (PER) and assist with the completion of the annual Consolidated Plan Annual Performance and Evaluation Report (CAPER). Both the PER and CAPER are submitted by September 30 each year to HUD. Both reports summarize annual accomplishments towards the goals and objectives under the Consolidated Plan for each program year. Information for the CAPER is gathered from a number of sources including the semi-annual report described above and Integrated Disbursement Informational System (IDIS) data. DCS staff reviews all documentation for inclusion in both the PER and CAPER. for accuracy and timeliness.

Internal Review

Internal review focuses on internal requirements, goals and objectives, and execution of NDDOC written policies and procedures for its CDBG program, such as the Administrative Manual. This section describes some of the procedures used at various stages of internal monitoring.

Workflow Process Overview

The following chart provides an overview of the internal monitoring stages, and staff procedures for each stage.

Internal Monitoring Stages	Summary of Monitoring Tasks and Procedures	Protocols
Monitoring Goals/Objectives	• DCS staff will prepare the **RAE Sheet** on an **annual basis** • DCS staff will review RAEs to determine priorities for on-site monitoring • DCS staff will establish remote and on-site monitoring schedule assignments. • DCS staff will complete remote and on-site monitoring visits in accordance with RAE selections and schedule	• Financial Agreement • RAE Sheet • Monitoring Schedule • Program Regulations
Staff Training Objectives	• DCS staff will stay informed of upcoming HUD, COSCDA and related **training events** and where feasible, identify staff to participate	• N/A
Written Policies and Procedures	• DCS staff will review and as needed, update and implement CDBG policies and procedures, program guidelines, and related protocols on an annual basis • DCS staff will ensure that the most recent versions of protocols, guidelines and procedures are available on its web site.	• N/A

Monitoring Goals/Objectives

Although NDDOC cannot monitor every UGLG on-site on an annual basis, NDDOC must still satisfy minimal on-site monitoring requirements **as determined by the Risk Analysis Evaluation process and HUD Regulations**. NDDOC will ensure UGLGs that are rated "high risk" receive either an on-site or remote monitoring within the first annual cycle of monitoring. The following outlines the required activities and protocols during this stage.

1) DCS staff will complete RAE forms on an annual basis.

2) DCS staff will determine priorities for remote and on-site monitoring. DCS staff will establish and maintain a monitoring schedule of both on-site and remote assignments.

3) DCS staff will complete remote and on-site monitoring visits in accordance with RAE selections and monitoring schedule.

a) If the same UGLGs are routinely selected through the RAE process for monitoring from year to year, DCS staff may recommend additional UGLGs to receive monitoring based on date of last on-site monitoring visit, funding amount, and other RAE factors.

Staff Training Objectives

NDDOC will utilize the resources available on the HUD Exchange (webinars, both live and recorded trainings, guides, etc.) and the HUD YouTube Channel to ensure staff have resources to refer to and to provide UGLGs guidance. DCS staff will take advantage of various training opportunities offered by HUD, COSDA and other organizations and identify staff to participate. DCS staff shall keep records of trainings attended and materials collected at training for redistribution to other DCS staff that cannot attend the training.

Written Policies and Procedures

NDDOC Policies and Procedures should be reviewed and updated as needed on an annual basis to be consistent with changing priorities, goals, objectives, and program guidelines, as well as current Federal and state regulations. The following outlines the activities and completed protocols for this stage.

1) DCS staff will monitor, update, and implement NDDOC policies and procedures

2) As needed, NDDOC CDBG policies and procedures, program guidelines and related protocols shall be updated on an annual basis prior to the start of the next program year.

3) DCS staff will ensure that UGLGs are provided with most recent versions of protocols, guidelines, and procedures.

List of Appendices

Appendix A – SFN 4630 CDBG Request for Funds and Instructions
Appendix B – SFN 52342 Semi-Annual Progress Report and Instructions
Appendix C – Risk Assessment Tool
Appendix D – SFN 52348 CDBG On-Site Monitoring Checklist
Appendix E – SFN 59421 CDBG Monitoring File Review Checklist
Appendix F – Monitoring Notification Letter Template
Appendix G – Monitoring Report Cover Letter Template
Appendix H – Monitoring Report Template

Appendix A – SFN 4630 CDBG Request for Funds and Instructions

CDBG REQUEST FOR FUNDS

NORTH DAKOTA DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY SERVICES (DCS)
SFN 4630 (07/18)

Grantee		Request Number	Amount Requested P - A - T - $ 0.00
Prepared By	Phone Number	Is this the Final Request? ☐ Yes ☐ No	
Bank Name & Address (Payee)		Instrument Number	Date
		Grant Begin Date	Grant End Date
Bank Account Number		(Cash advances to a grantee will be limited to the minimum amount needed)	

CASH STATUS REPORT	A	B
1. Funds Received to Date		
2. Total Gross Disbursements to Date		
3. LESS: Program Income		
4. Net Disbursements to Date (line 2 less line 3)		0.00
5. Balance of Cash on Hand (line 1 less line 4)		0.00
FUND STATUS REPORT	**A**	**B**
6. Grant Amount		
7. Funds Received to Date		
8. Funds Requested, But Not Yet Received		
9. Amount of this Request		
10. Total Funds Request To Date (add lines 7, 8 ,9)		0.00
11. Funds Available For Request (lines 6 less line 10)		0.00

12. Administrative Funds Received to Date		13. Administrative Funds Requested, but Not Yet Received	
14. Housing Projects Only:	Number of Units Approved	Number of Units Contracted	Number of Units Completed

15. Explain below the use of the requested CDBG project funds (See Instructions)

APPROVAL BY DIVISION OF COMMUNITY SERVICES		CERTIFICATION OF LOCAL OFFICIAL
DCS Authorized Signature	Date	To the best of my knowledge, the data on this form are correct and all disbursements were made in accordance with grant conditions.
		Signature
		Name and Title of Authorized Official
		Date Signed

THIS SECTION FOR DCS USE ONLY	Yes	No
Release of Funds		
Special Conditions Released		
Repayment Schedule & Loan Approved		
Authorized Signature		
IDIS Number		

INSTRUCTIONS FOR COMPLETING "REQUEST FOR FUNDS" SFN 4630

RANTEE - Same as "RECIPIENT" as shown on Financial Award.

EQUEST NUMBER - Begins with number one (1) and follows in numerical sequence for each request submitted to DCS.

MOUNT REQUESTED - Dollar amount of this request delineated by Program and Administrative funds (i.e., **P** = $5,000, **A** = ,000, **T** = $7,000). Total to be the same as line 9.

REPARED BY - Name and telephone number of the individual preparing this request.

ANK NAME AND ADDRESS (PAYEE) - Name and address of the bank that will receive the funds as a direct deposit. (Should be actly as shown on the ACH).

STRUMENT NUMBER - Include the Instrument Number as assigned by DCS on the Financial Award.

ATE - Date Request for Funds is prepared.

RANT PERIOD - Include the grant period as specified on the Financial Award or as stated in subsequent approved amendments.

CASH STATUS REPORT

clude cumulative funds received from DCS at the date of request.

clude cumulative cash expenditures to date.

eport cumulative program income received to date of request.

ne 2 less Line 3. (Program income is applied as a reduction in expenditures for cash status reporting to ensure that program incom expended prior to CDBG funds).

ne 1 less Line 4. (Cash received less cash expended equals cash on hand).

FUND STATUS REPORT

clude the total grant amount as authorized on the Financial Award or any subsequent approved amendments to the grant.

clude cumulative funds received to date. (Same as Line 1, above).

ınds previously requested from DCS but have not been received by grantee. (In transit).

mount of this request. It must be the same as stated above.

dd Lines 7, 8 and 9, for total funds requested to date.

ne 6 less Line 10 for remaining funds to be drawn.

clude cumulative administrative funds received to date.

dministrative funds previously requested from DCS but have not been received by grantee. (In transit).

or Housing Projects Only: State cumulative number of approved applicants with signed commitments (per special conditions); ımulative number of units which are under contract for work and cumulative number of housing units completed.

riefly identify the work, services, or purchases for which the funds will be used and the amount to be allocated. If necessary, attach ı additional sheet.

ERTIFICATION OF LOCAL OFFICIAL: Must be signed by one of the authorized individuals shown on the ACH uthorization Direct Deposit form (SFN 52477).

IAIL COMPLETED FORM TO: Division of Community Services
500 East Century Avenue, Suite 2
O Box 2057
ismarck, ND 58502-2057
elephone (701) 328-5300
ıx (701) 328-5320
R

MAIL FORM TO BOTH OF FOLLOWING ADDRESSES: dfaber@nd.gov **and** mhalone@nd.gov

Appendix B – SFN 52342 CDBG Semi-Annual Progress Report and Instructions

CDBG SEMI-ANNUAL PROGRESS REPORT
NORTH DAKOTA DEPARTMENT OF
COMMERCE
ND DIVISION OF COMMUNITY SERVICES
SFN 52342 (11/17)

<table>
<tr><td colspan="4">CDBG
SEMI-ANNUAL PROGRESS REPORT</td></tr>
<tr><td colspan="2">GRANTEE</td><td colspan="2" rowspan="2">ADDRESS</td></tr>
<tr><td colspan="2">INSTRUMENT NUMBER</td></tr>
<tr><td colspan="2">BUDGET/PROJECT PERIOD</td><td colspan="2">PERIOD COVERED BY REPORT</td></tr>
<tr><td>FROM (Month, Day, Year)</td><td>TO (Month, Day, Year)</td><td>FROM (Month, Day, Year)</td><td>TO (Month, Day, Year)</td></tr>
<tr><td colspan="2">REPORT PREPARED BY</td><td colspan="2">PHONE NUMBER</td></tr>
<tr><td colspan="4">PROJECT DESCRIPTION (DESCRIPTION MUST INCLUDE ANY CHANGES TO THE ORIGINALLY APPROVED DESCRIPTION)</td></tr>
<tr><td colspan="3">TYPE NAME OF CHIEF ELECTED OFFICIAL</td><td>TITLE</td></tr>
<tr><td colspan="3">SIGNATURE OF CHIEF ELECTED OFFICIAL</td><td>DATE</td></tr>
<tr><td colspan="4">DCS USE ONLY
REVIEWED BY ____DATE
____</td></tr>
</table>

SEMI-ANNUAL PROGRESS REPORT

Answer the questions on additional sheets.

1. List those activities that have been accomplished to date. (Specify the type of activity, i.e., environmental review completed, Notice of Release of Funds received, contracts awarded, income eligibility determined, number of households rehabilitated, etc.)

2. Have any problems arisen which will delay grant completion? If yes, explain the problem and the amount of delay.

3. List activities to be accomplished in the next six months.

4. Do you anticipate requesting any amendments? If yes, explain.

5. Do you require any technical assistance from the DCS? If yes, explain.

6. Program Beneficiaries to date:

   a. Jobs Created LMI __________ Non-LMI _______
   b. Homes Rehabilitated LMI _____ Non-LMI _______
   c. LMI Special Assessments Paid ____________
   d. Elderly ____FHOH _____ Handicapped ____________
   e. Race:
   White (11) ____________
   Black/African American (12) ____________
   Asian (13) ____________
   American Indian/Alaskan Native (14) ____________
   Native Hawaiian/Other Pacific Islander (15) ____________
   American Indian/Alaskan Native & White (16) ____________
   Asian & White (17) ____________
   Black/African American & White (18) ____________
   American Indian/Alaskan Native & Black/African American (19)
   ____
   Other Multi-Racial (20) ____________
   Of the total above, how many have a Hispanic ethnicity ____________

Appendix C – Risk Assessment Evaluation Tool (Next Page)

MONITORING PLAN

Project:	UGLG:	Administrator:		Dollar:		
Category	**Risk Factor**	**Description**	Score (1-9)	**Weight(%)**	**Weight**	**Weighted Score**
Program Administration & Management	Staff Capacity	Stability, experience, turnover		25%	0.05	0
Program Administration & Management	Reporting Quality	Timeliness & completeness of required reports		25%	0.05	0
Program Administration & Management	Past Corrective Actions	Number/severity of past issues		25%	0.05	0
Program Administration & Management	TA Needs	Frequency & intensity of technical assistance		25%	0.05	0
						0
Financial Management & Internal Controls	Audit Results	Findings, questioned costs, material weaknesses		25%	0.0625	0
Financial Management & Internal Controls	Internal Controls	Segregation of duties, written controls		25%	0.0625	0
Financial Management & Internal Controls	Drawdown Accuracy	Accuracy of draws		25%	0.0625	0
Financial Management & Internal Controls	Financial Reporting	Accuracy & completeness		25%	0.0625	0
						0
Project Performance	Timeliness	Milestones, schedule adherence		20%	0.04	0
Project Performance	Expenditure Rate	% of funds spent vs. timeline, total dollar amount		20%	0.04	0
Project Performance	Procurement	Compliance & timeliness		20%	0.04	0
Project Performance	National Objective	Likelihood of meeting national objective		20%	0.04	0
Project Performance	Performance Data	Accuracy & completeness		20%	0.04	0
						0
UGLG Oversight & Compliance	Monitoring History	Findings, concerns, repeat issues		33%	0.066	0
UGLG Oversight & Compliance	Contractor Oversight	Procurement, contract files, oversight		33%	0.067	0
UGLG Oversight & Compliance	Conflict of Interest	Policies & compliance		33%	0.066	0
						0
Cross-Cutting Federal Requirements	Environmental Review	ERR completeness & timeliness		15%	0.025	0
Cross-Cutting Federal Requirements	Labor Standards	Payrolls, interviews, enforcement		15%	0.025	0
Cross-Cutting Federal Requirements	Civil Rights/Fair Housing	Policies, outreach, complaints		15%	0.025	0
Cross-Cutting Federal Requirements	Section 3	Reporting & Documentation		15%	0.025	0
Cross-Cutting Federal Requirements	URA	Notices, files, payments		15%	0.025	0
Cross-Cutting Federal Requirements	BABA	Buy American Certification		15%	0.025	0
					1.00	0

Appendix D – On-Site Monitoring Checklist SFN 52348

CDBG ON-SITE MONITORING REVIEW
NORTH DAKOTA DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY SERVICES
SFN 52348 (09/17)

Grantee:	Reviewed by:
Instrument Number:	Date of review:
Contact Person:	Contact Location:

1. Project Description (incl. Eligibility, National Objective):

2. Status of Project:

Percent Project Complete: ______________________ Percent Dollars Drawn: ______________________

Notes:

3. Proposed Beneficiaries:

4. Are the project activities and beneficiaries the same as funded and/or amended? If no, explain:	Yes ☐	No ☐
5. Were there any mitigating measures identified in the Environmental Review?	Yes ☐	No ☐

6. If Yes to #5, please list:

Mitigation:	Action Taken:
____	____
____	____
____	____
____	____
____	____

7. Have all the required jobs been created or retained? (**For ED Projects only**)	Yes ☐	No ☐

8. How many are LMI? (**For ED Projects only**) __________________ Percent of Total Jobs _______________

9. Narrative of the project discussion with contact person(s):

EQUIPMENT PURCHASE

Equipment Description and Quantity	Instrument #	Date Purchased	Purchase Price	DCS Funding Amount	Local Funding Amount	Verified On-Site
						Yes ☐ No ☐
						Yes ☐ No ☐
						Yes ☐ No ☐

HOUSING REVIEW

10. Does the unit(s) appear to meet HQS? If no, please explain:	Yes ☐	No ☐
11. Does it appear other rehabilitation items are needed? If yes, please explain:	Yes ☐	No ☐
12. For **relocation activities**, did the beneficiary receive a General Information Notice (GIN)? Is there a transition plan, and completed tracker for the tenant? If no, please explain:	Yes ☐	No ☐
13. Based on the monitoring review, is a follow-up required?	Yes ☐	No ☐

DCS Staff Member Signature:	Date:

Appendix E – CDBG Monitoring File Review Checklist SFN 59421

CDBG FILE MONITORING REVIEW

LABOR/PROCUREMENT/CIVIL RIGHTS/SECTION 3/FINANCIAL MANAGEMENT
NORTH DAKOTA DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY SERVICES
SFN 59421 (09/22)

Grantee	Reviewed by
Instrument Number	Date of review

1. Does the grantee have a written Code of Conduct?	Yes ☐	No ☐

2. What procurement procedure was used? Request for Quote Competitive Bidding Competitive Negotiation Noncompetitive Negotiation Other – Describe:	(select one) ☐ ☐ ☐ ☐ ☐	3. Did Grantee solicit to minority/women owned businesses?	Yes ☐	No ☐
		4. Are project specifications on file?	Yes ☐	No ☐

5. Does the Grantee maintain sufficient documentation of the procurement procedure used?	Yes ☐	No ☐
6. Did the Grantee receive at least two bids or quotes for each contract?	Yes ☐	No ☐
7. For less than two bids or quotes, did the Grantee contact the DCS?	Yes ☐	No ☐
8. Were contracts awarded to the most qualified or lowest responsible bidder?	Yes ☐	No ☐
9. Were the following provisions included in the bid solicitation?		
Civil Rights Provisions	Yes ☐	No ☐
Special Equal Opportunity Provisions	Yes ☐	No ☐
Section 3 Provisions	Yes ☐	No ☐
Davis-Bacon Act, if contract is over $2,000	Yes ☐	No ☐
Copeland Anti-Kickback Act	Yes ☐	No ☐
Contract Work Hours and Safety Standards	Yes ☐	No ☐
Conflict of Interest	Yes ☐	No ☐
Access to Records	Yes ☐	No ☐
Contractor Clearance (Sam.gov)	Yes ☐	No ☐
Flood Insurance, if in a floodplain	Yes ☐	No ☐
2 CFR Part 200	Yes ☐	No ☐

Release of Funds Date	
Wage Decision Number	**Modification Number**
Preconstruction Conference Date	**Modification Date**

Advertising Dates	**Bid Closing Date**	**Bid Opening Date**
Contract Award Date	**Contractor Clearance Date**	**Construction Start Date**

10. Are bid advertisement dates at least 7 days apart?	Yes ☐	No ☐
11. Is the bid opening date at least 21 days after the first advertisement for bids?	Yes ☐	No ☐
12. Does the Preconstruction Conference record indicate that the contractors were informed of their certification and compliance requirements?	Yes ☐	No ☐
13. Are the labor standards information and wage decision approval documents included in the files?	Yes ☐	No ☐
14. Was contractor(s) cleared on sam.gov prior to contract award?	Yes ☐	No ☐
15. Is sam.gov registration verification included in the files?	Yes ☐	No ☐
16. Which National Objective does this project meet?	(select one)	
Low/Mod Area Benefit	☐	
Limited Clientele Benefit	☐	
Low/Mod Housing Benefit	☐	
Job Creation or Retention	☐	
17. Is supporting documentation of the National Objective included in the project file?	Yes ☐	No ☐

CONTRACTOR INFORMATION				
Contractor Name		Contract Start Date	Contract Amount	
Description of Work				
Type of Contract	Date Cleared on SAMS	License Number		
Is the contract a fixed price? If no, explain.			Yes ☐	No ☐
Does the contract have applicable 2 CFR Part 200 contract provisions?			Yes ☐	No ☐
Did contractor have: ☐ Bid Bond	☐ Performance Bond	☐ Payment Bond		
Were any change orders, amendments, and/or addendums completed for the contract? If yes, please explain.			Yes ☐	No ☐
Is the supporting documentation of the change orders, amendments, and/or addendums included in the project file?			Yes ☐	No ☐

CONTRACTOR INFORMATION continued				
Contractor Name		Contract Start Date	Contract Amount	
Description of Work				
Type of Contract	Date Cleared on SAMS	License Number		
Is the contract a fixed price? If no, explain.			Yes ☐	No ☐
Does the contract have applicable 2 CFR Part 200 contract provisions?			Yes ☐	No ☐
Did contractor have: ☐ Bid Bond ☐ Performance Bond ☐ Payment Bond				
Were any change orders, amendments, and/or addendums completed for the contract? If yes, please explain.			Yes ☐	No ☐
Is the supporting documentation of the change orders, amendments, and/or addendums included in the project file?			Yes ☐	No ☐

Contractor Name		Contract Start Date	Contract Amount	
Description of Work				
Type of Contract	Date Cleared on SAMS	License Number		
Is the contract a fixed price? If no, explain.			Yes ☐	No ☐
Does the contract have applicable 2 CFR Part 200 contract provisions?			Yes ☐	No ☐
Did contractor have: ☐ Bid Bond ☐ Performance Bond ☐ Payment Bond				
Were any change orders, amendments, and/or addendums completed for the contract? If yes, please explain.			Yes ☐	No ☐
Is the supporting documentation of the change orders, amendments, and/or addendums included in the project file?			Yes ☐	No ☐

CONTRACTOR INFORMATION continued		
18. Were the following provisions included in the construction contracts?		
Civil Rights Provisions	Yes ☐	No ☐
Special Equal Opportunity Provisions	Yes ☐	No ☐
Section 3 Provisions	Yes ☐	No ☐
Davis-Bacon Act, if contract is over $2,000	Yes ☐	No ☐
Copeland Anti-Kickback Act	Yes ☐	No ☐
Contract Work Hours and Safety Standards	Yes ☐	No ☐
Conflict of Interest	Yes ☐	No ☐
Access to Records	Yes ☐	No ☐
Contractor Clearance (Sam.gov)	Yes ☐	No ☐
Flood Insurance, if in a floodplain	Yes ☐	No ☐
2 CFR Part 200	Yes ☐	No ☐
Standard Equal Opportunity Clauses and Certifications?	Yes ☐	No ☐
Title VI of the Civil Rights Act of 1964?	Yes ☐	No ☐
19. Does the payroll information provide completed data that confirms:		
Payrolls are weekly?	Yes ☐	No ☐
Payrolls are numbered?	Yes ☐	No ☐
Payrolls are signed by employer or authorized representative?	Yes ☐	No ☐
Apprentice/Trainee registration records?	Yes ☐	No ☐
Record of additional classifications?	Yes ☐	No ☐
Only permissible deductions from payroll?	Yes ☐	No ☐
Proper wages paid for each work classification?	Yes ☐	No ☐
Proper overtime paid for each worker?	Yes ☐	No ☐
If no to any of the above, explain:		
20. Were field inspections/interviews completed on a regular basis? Dates: ________________________________ If no, explain:	Yes ☐	No ☐
21. Has the Grantee monitored and enforced contractor and subcontractor compliance?	Yes ☐	No ☐
22. Are there any complaints of discrimination in employment which have been filed against the contractor or subcontractors? If yes, explain:	Yes ☐	No ☐
23. If violations were reported, did the Grantee:		
Investigate in a timely manner?	Yes ☐	No ☐
Date violation identified: _______________________		
Date investigation held: _______________________		
Enforce required sanctions on the contractor?	Yes ☐	No ☐

SECTION 3 *(For applicable Section 3 projects)*		
22. Was this project a Section 3 project? (If no, answer N/A to the below questions)	Yes ☐	No ☐
If yes to #22, answer #23-#27 for each Contractor and Subcontractor:		
Contractor/Subcontractor:		
23. Were safe harbor benchmarks met?	Yes ☐	No ☐
24. If no to #23, is documentation provided of qualitative efforts?	Yes ☐	No ☐
25. Were the following signed Section 3 documents included in the file: Section 3 Business Concern Certification (SFN 62111)? Section 3 Worker Self-Certification (SFN 62110)? Section 3 Acknowledgement (SFN 62112)? Section 3 Work Hours and Outreach Efforts for each Financial Draw (SFN 62109)? Attachment D? Attachment E? (if applicable) Attachment F? (if applicable) Attachment G? Attachment H? Attachment I? Attachment J? Attachment K? Attachment L? If no to any of the above, explain:	 Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐ Yes ☐	 No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐ No ☐
26. Was Section 3 Work Hours and Outreach Efforts for Each Financial Draw (SFN 62109) submitted with every financial draw?	Yes ☐	No ☐
27. Was a Section 3 Worker Certification (SFN 62110) completed for each employee listed on the Section 3 Work Hours and Outreach Efforts for Each Financial Draw form(s)?	Yes ☐	No ☐
Comments:		

DCS Staff Member Signature	Date

FINANCIAL MANAGEMENT	
Grantee	Reviewed By
Instrument Number	Date of Review
Scope of Project	
Grant Amount: (Including Amendments)	Project Amount
Project Period: (Including Amendments) ____/____/____ to ____/____/____	
Amount Drawn	Percent Drawn
Date of Release of Funds	Match Funds
Use of Match Funds:	

VERIFICATION OF DISBURSEMENT OF FUNDS					
Date	Check #	Amount	Payee		
Reason					
Purchase after Release of Funds?	☐ Yes ☐ No			Date of Deposit	Check Clearance
Is this an eligible CDBG expense?	☐ Yes ☐ No				

Date	Check #	Amount	Payee		
Reason:					
Purchase after Release of Funds?	☐ Yes ☐ No			Date of Deposit	Check Clearance
Is this an eligible CDBG expense?	☐ Yes ☐ No				

VERIFICATION OF DISBURSEMENT OF FUNDS (continued)					
Date	Check #	Amount	Payee		
Reason:					
Purchase after Release of Funds?	☐ Yes	☐ No		Date of Deposit	Check Clearance
Is this an eligible CDBG expense?	☐ Yes	☐ No			

Date	Check #	Amount	Payee		
Reason:					
Purchase after Release of Funds?	☐ Yes	☐ No		Date of Deposit	Check Clearance
Is this an eligible CDBG expense?	☐ Yes	☐ No			

Date	Check #	Amount	Payee		
Reason:					
Purchase after Release of Funds?	☐ Yes	☐ No		Date of Deposit	Check Clearance
Is this an eligible CDBG expense?	☐ Yes	☐ No			

REVIEW PROCEDURES FOR CASH MANAGEMENT AND REQUESTING CDBG PAYMENTS		
Does the recipient provide for adequate internal control and segregation of duties?	Yes ☐	No ☐
- Who is responsible for receiving funds? - Who is responsible for approving bills? - Who is responsible for preparing checks or warrants? - Who is authorized to sign checks? - Who reconciles the bank statements?		
Are CDBG cash receipts and disbursements accounted for separately by grant?	Yes ☐	No ☐
Are CDBG expenditures accounted for separately by activity (by line item in Part IV of the CDBG Financial Award)?	Yes ☐	No ☐

Are expenditures charged to the proper activities?	Yes ☐	No ☐
REVIEW PROCEDURES FOR CASH MANAGEMENT AND REQUESTING CDBG PAYMENTS (Continued)		
Are they eligible CDBG costs?	Yes ☐	No ☐
Are source documents maintained to support the charges?	Yes ☐	No ☐
Is the recipient being reimbursed for administrative expenses?	Yes ☐	No ☐
- Are administrative expenses documented with time sheets, invoices, etc.?	Yes ☐	No ☐
- Is the recipient/grant administrator allocating overhead/indirect costs to the award?	Yes ☐	No ☐
- Is the method used to allocate costs reasonable and is the plan supportable?	Yes ☐	No ☐
- Are costs contained in the allocation plan eligible federal costs?	Yes ☐	No ☐
Has a final report been submitted to the DCS for this project?	Yes ☐	No ☐
Are actual expenditures reflected in the final financial status report?	Yes ☐	No ☐

Based on the review of an adequate random selection of request for payments, is there documentation to support the amounts requested?

Date	Request Number	Amount Requested		
			Yes ☐	No ☐
			Yes ☐	No ☐
			Yes ☐	No ☐
			Yes ☐	No ☐

Based on the receipt of state warrants issued in response to payment requests sampled, how many days does it take to disburse funds down to a minimum?

Date Warrant Received	Amount of Warrant	Date Checks Written	Date Check Passed Through Checking Account	Total Days

Based on information collected were funds disbursed as close as administratively feasible to the time they were received?				Yes ☐	No ☐
Are payments from the DCS deposited in an interest-bearing account? If yes, amount earned ______________________ (to be returned to HUD).				Yes ☐	No ☐

REVIEW MANAGEMENT OF PROGRAM INCOME		
If program income has been generated, have steps been taken to account for program income?	Yes ☐	No ☐
Has program income been spent before drawing down other funds?	Yes ☐	No ☐
Has all income due (loan payments) been received by the grantee?	Yes ☐	No ☐
Has the grantee transmitted the payments to the DCS as agreed?	Yes ☐	No ☐
Trace three loan deposits and follow transaction from council receipt through DCS payment receipt. Were loan payments correctly applied and forwarded to DCS in a timely manner?	Yes ☐	No ☐

MATCH DOCUMENTATION		
Is there documentation for meeting the required program match and grant leveraging?	Yes ☐	No ☐
Are all match amounts verified?	Yes ☐	No ☐
Was owner's equity part of the match budget?	Yes ☐	No ☐
Is there documentation on file to show equity put into the program?	Yes ☐	No ☐
List of match kept on file:		

SPECIAL CONDITIONS		
Were grant special conditions fulfilled? If no, identify conditions not completed.	Yes ☐	No ☐

SUMMARY AND CONCLUSIONS		
Based on this review, is it evident that: There is a financial management system which provides for accurate, current and complete disclosure of the financial results of the program?	Yes ☐	No ☐
Funds are disbursed as close as administratively feasible to the date of receipt?	Yes ☐	No ☐
Special provisions and conditions of the Release of Funds and contract with regard to expenditure or obligation of funds have been met?	Yes ☐	No ☐
Notes/Comments:		
DCS Staff	Date	

Appendix F - Monitoring Notification Letter to Chief Executive Template

DATE

CHIEF EXECUTIVE, TITLE
ORGANIZATION NAME
MAILING ADDRESS
CITY, CITY ZIP

Dear CHIEF EXECUTIVE:

RE: CDBG (Specify On-Site or Remote) Monitoring
Project Name, Financial Agreement # -XXXXX

The NDDOC is required to conduct periodic monitoring of its CDBG Program to verify compliance with all CDBG program statutes, regulations, and requirements. The monitoring review will provide NDDOC staff the opportunity to work collaboratively with the NAME OF UGLG to assess compliance, program operations and address any identified deficiencies.

DCS STAFF coordinated with UGLG STAFF PERSON to schedule a (remote/on-site) monitoring review. (Use only if on-site) The review will be held at the UGLG NAME offices located at STREET ADDRESS AND CITY. The visit will begin with a (virtual/remote) entrance conference at TIME on DAY, MONTH DATE, YEAR and will conclude after the exit conference, currently scheduled for DAY, MONTH DATE, YEAR at TIME.

All financial management and administrative records associated with the CDBG project identified above must be available to the review staff during the visit. If the UGLG has any administrative contractors that may have any required documentation, please ensure that the documentation is made available for review after the entrance conference. (List any focus areas or specific review items here)

We look forward to working with you and your staff during this monitoring review. If you or your staff have any questions, please feel free to contact DCS STAFF NAME at PHONE, or via email at DCS STAFF EMAIL.

Sincerely,

NAME
TITLE

Appendix G - Monitoring Report Cover Letter to Chief Executive Template

DATE

CHIEF EXECUTIVE, TITLE
ORGANIZATION NAME
MAILING ADDRESS
CITY, CITY ZIP

Dear CHIEF EXECUTIVE:

RE: CDBG Monitoring
Project Name, Financial Agreement # -XXXXX

The purpose of this letter is to provide the results of the programmatic monitoring of the NAME OF UGLG's CDBG project listed above, conducted by DCS STAFF during MONTH, DATE, YEAR. The monitoring review was conducted to assess the UGLG's NAME implementation and administration of their CDBG project for compliance with applicable federal and state statutory requirements, regulations, and policies. I would like to take this opportunity to thank you for the cooperation and assistance extended to the staff during the monitoring visit.

The review focused on the following areas:

-LIST ALL AREAS REVIEWED, SUCH AS FINANCIAL MANAGEMENT
-ENVIRONMENTAL RECORD

The results of our review were discussed during the exit conference with UGLG staff. The enclosed monitoring report provides a detailed summary of the results. For your information, a "Finding" is a deficiency in program performance based on statutory and/or regulatory requirements for which corrective actions are necessary. A "Concern" is an issue that, without attention or corrective action, could potentially result in a Finding. Technical assistance may also be proved to help the UGLG continue to build capacity and program compliance.

All corrective actions to the findings in the report require a written response to be submitted within 30 days from the date of this letter. A written response to any concerns in the report is not required but would be appreciated.

If you have questions regarding this monitoring visit, please do not hesitate to contact DCS STAFF NAME at PHONE, or via email at DCS STAFF EMAIL.

Sincerely,

NAME
TITLE

Appendix H – Monitoring Report Template

NAME OF UGLG
Community Development Block Grant (CDBG)
Monitoring Report

Background Summary

Dates of Monitoring:
Location of Monitoring: (if on-site, give street locations; identify remote if not on-site)
CDBG Project/Financial Agreement Number:
Entrance Conference:
Attendees
Exit Conference:
Attendees (Both DCS and UGLG Staff):

Subjects Reviewed: List the areas of monitoring (Financial Management, Environmental Review, National Objective, Supporting Documentation for Draw Requests, etc.)

Methodology of monitoring: Include a brief description of how the review was conducted (e.g., reviewed project and financial records for compliance with programmatic requirement, interviewed staff, reviewed contract documents, etc.) For a remote monitoring, describe the project records selected (e.g., draw requests, construction reports, labor payrolls, etc.)

Items reviewed found to be in compliance ('Program Costs Reported Accurately,' for example)
Describe the time period reviewed and any other descriptive information about the items reviewed. Provide a brief description of the review items found to be in compliance with the financial agreement and program requirements. For instance, "payrolls for the period between X and X used the correct wage rate determination," "the project was completed on schedule per the financial agreement," all program expenses reviewed appeared to be necessary and reasonable for the project."

Financial Management
If reviewed, provide a brief description of the items reviewed for compliance with 2 CFR 200 and state requirements, such as procurement, disbursement of funds, etc. Review UGLG's process for compliance with the requirement of separation of duties for financial transactions. For example, the UGLG's financial procedures should preclude one person from issuing purchase orders and contracts and also approving payment vouchers.

Listing Findings and Concerns (Example)
Provide a description of the CDBG program criteria that were not met and provide the citation for the requirement.

Finding #1: **Describe what was found. Example:**
The organization did not complete the appropriate level of environmental review for the sewer project located on Cedar Street between Olive and Beech.

Provide specifics for the issue. Example: