

# Maryland CDBG Monitoring Handbook

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**Maryland Department of Housing and Community Development  
Division of Neighborhood Revitalization**

The Maryland Department of Housing and Community Development  
pledges to foster the letter and spirit of the law  
for achieving equal housing opportunity in Maryland.





# **Maryland CDBG Monitoring Handbook**

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**CDBG MONITORING AND COMPLIANCE REVIEW**

**CHAPTER ONE  
GENERAL PROJECT INFORMATION SUMMARY SHEET**

**A. GENERAL PROJECT AND CONTACT  
INFORMATION**

Date(s) of In-House Review: \_\_\_\_\_  
\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Date of Award: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Amount: \$ \_\_\_\_\_

Grant Term: \_\_\_\_\_

**Key Local Project Contacts:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone Number/E-mail Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Type of Project: (circle one):** HOUSING ECDEV PUB-FAC INFRA PLAN OTHER

**General Project Statement/Description:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Project Location:** \_\_\_\_\_

(Specify address) \_\_\_\_\_

**Amendments/Dates** (Note *type* of amendment – time, scope, location, activities, etc.):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Special Conditions (if any):** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. PROJECT RESOURCES**

Identify which types of funding are being used in the project, and the amount of funds allocated for each activity. If funds are allocated from other sources (that is, non-CDBG), please list amount and source for these as well (if known):

<u>ACTIVITY</u>	<b>Check If Applies</b>	<b>Amount Allocated from CDBG</b>	<b>Amount Allocated from Other Sources</b>	<b>Source</b>
01 Acquisition	_____	\$ _____	\$ _____	_____
03 Public Facilities/Infrastructure	_____	\$ _____	\$ _____	_____
04 Clearance/Demolition	_____	\$ _____	\$ _____	_____
05 Public Services	_____	\$ _____	\$ _____	_____
08 Relocation	_____	\$ _____	\$ _____	_____
10 Remove Archit. Barriers	_____	\$ _____	\$ _____	_____
13 Homeownership Assistance	_____	\$ _____	\$ _____	_____
14 Housing Rehabilitation	_____	\$ _____	\$ _____	_____
15 Code Enforcement	_____	\$ _____	\$ _____	_____
16 Historic Preservation	_____	\$ _____	\$ _____	_____
17 Commercial/Industrial	_____	\$ _____	\$ _____	_____
18 Economic Development	_____	\$ _____	\$ _____	_____
20 Planning	_____	\$ _____	\$ _____	_____
21 General Administration	_____	\$ _____	\$ _____	_____
Other (specify): _____	_____	\$ _____	\$ _____	_____
Other (specify): _____	_____	\$ _____	\$ _____	_____
<b>TOTAL</b>		\$ _____	\$ _____	

**C. PROJECT GOALS AND PROGRESS**

**Instructions to Monitoring Staff:**

For the checklist on the following page, the Reviewer should first identify the proposed beneficiaries, accomplishments, and funding objectives established for the project and list these in the “Planned Per Grant Agreement” column. The progress noted in the grantee’s Progress Reports should then be listed in the “Actual Per Progress Reports” column. Finally, the actual progress found during the site visit (based on the actual on-site review of the grantee’s records) should be listed in the “Actual at Time of Monitoring Site Visit” column.

PROJECT GOALS/OBJECTIVES	PRE-SITE VISIT		SITE-VISIT
	Planned Per Grant Agreement	Actual Per Progress Reports	Actual at Time of Monitoring Site Visit
<b>Beneficiaries (complete the following as applicable)</b>			
Total low-income persons/households benefited? (specify which)			
Total persons/households benefited? (specify which)			
Number of homeowners assisted?			
Number of renters assisted?			
Number of businesses assisted?			
Number of community organizations assisted?			
Number of indirect beneficiaries? (Specify: _____)			
Other?: _____			
Other?: _____			
<b>Project Accomplishments (complete as applicable)</b>			
Total number of housing units completed?			
Total number of structures acquired?			
Total number of structures demolished/sites cleared?			
Total number of loans/grants made? (Specify type: _____)			
Total number of jobs created/retained for low-income persons (Specify: _____)			
Total number of public facilities assisted?			
Total number of water/sewer hook-ups made?			
Total feet of sewer/water line improvements?			
Total number of streets on which street, sidewalk, and/or lighting improvements made? (Specify type: _____)			
Other? _____			
Other? _____			
<b>Funds Obligated, Expended and Drawn Down</b>			
Total funds expended?	\$	\$	\$
% of funds expended?			
Total funds obligated but not expended?	\$	\$	\$
% of funds obligated but not expended?			
% of Administrative funds expended?			
Total funds drawn down?	\$	\$	\$
% of funds drawn down?			
Total funds leveraged?	\$	\$	\$

**Performance Reporting:** Are the grantee’s Progress Reports on the project current and accurate? If “No”, explain: **Yes No**

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**Overall Progress:** Based on submitted Progress Reports, does the grantee appear to be making satisfactory progress toward achieving the goals established in the grant agreement? If “No”, explain: **Yes No**

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**Updates:** Have there been any changes or significant progress since the grantee’s most recent Progress Report warranting discussion and/or updating? If “Yes”, please describe: **Yes No**

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**Extensions:** Might the grantee require an extension to the current period for performance (see Section 6 of the Grant Agreement and existing amendments)? If “Yes”, explain: **Yes No**

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**Expired Grant:** If the grant has expired, is the grantee in possession of CDBG funds that should be recaptured? If “Yes”, explain: **Yes No**

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**D. PRELIMINARY ISSUES/CONCERNS FROM IN-HOUSE REVIEW:**

Please describe any issues arising from the above In-House Review. Also note Special Program Features from the attached form. Describe any issues warranting further review and/or discussion with the grantee’s staff:

Issues for On-Site Follow-Up	Related Handbook Questions/Citations	DHCD Staff Responsible for Follow-up
<hr/>	<hr/>	<hr/>

**Maryland CDBG Program Staff Completing In-House Review:** \_\_\_\_\_

**Special Program Features and Requirements:**

The grantee’s project activity(ies) may – and in some cases **must** -- require compliance with the following regulations. For each of the regulations that the Reviewer determines to be applicable to the grantee’s project, (s)he should circle the “Y” in the appropriate column below. **For each affirmative response, DHCD staff must complete the relevant chapter(s) of this Handbook.** Once the Reviewer has confirmed that the required Handbook chapter(s) have been completed, (s)he should check off the appropriate box below.

	<b>Regulations Applicable?</b>		<b>Chapter(s) of Handbook Completed?</b>
	<b>Y</b>	<b>N</b>	
<b>National Objectives?</b> (See 24 CFR 570.483) Please refer to Chapter Three of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Land or Other Real Property Acquisition?</b> (See 49 CFR 24, Subpart B) Please refer to Chapter Six of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Acquisition of Easements or Rights-of-Way?</b> (See 49 CFR 24, Subpart B) Please refer to Chapter Six of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Relocation?</b> (See 24 CFR 570.488, 24 CFR 570.606, and 24 CFR 42) Please refer to Chapter Seven of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Davis-Bacon/Other Labor Standards Provisions?</b> (See 29 CFR Parts 1,3,5,6,7) Please refer to Chapter Ten of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Environmental Review?</b> (See 24 CFR 58 and Exhibits D and E of the Grant Agreement) Please refer to Chapter Two of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Flood Insurance Provisions?</b> (See 44 CFR 59-79) Please refer to Chapters Two and Eleven of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Procurement?</b> (See 24 CFR 570.489(g) and 24 CFR 85.36) Please refer to Chapter Five of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Subrecipient Agreement?</b> (See 24 CFR 85.40, 24 CFR 570.503, and Section 14 of the Grant Agreement) Please refer to Chapter Fourteen of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Historic Preservation?</b> (See 36 CFR 800) Please refer to Chapters Two and Eleven of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Lead-Based Paint?</b> (See 24 CFR 570.487 and 24 CFR 35) Please refer to Chapter Eleven this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>
<b>Program Income?</b> (See 24 CFR 570.489(e)) Please refer to Chapter Four of this Handbook for additional details.	<b>Y</b>	<b>N</b>	<input type="checkbox"/>

## CHAPTER TWO

### ENVIRONMENTAL REVIEW REQUIREMENTS MONITORING AND COMPLIANCE REVIEW

#### General Instructions to Monitoring Staff:

Most of the tasks involved in monitoring the grantee's compliance with Environmental Review (ER) requirements will take place "in-house" at the beginning of the grant term, through review of submissions forwarded by the grantee. Any issues and concerns identified during this in-house review of the grantee's compliance with the ER requirements should be noted on the Environmental Review Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

In addition, when the DHCD staff goes on-site as part of its other monitoring activities, the Lead Reviewer (or another designated DHCD staff member) must ensure that the grantee is continuing to maintain its Environmental Review records. At that time, if there has been a change in the scope of the project, the Lead Reviewer (or designated DHCD staff) must confirm that any necessary Environmental Review steps have been taken. (For specific instructions and questions for this on-site review, see Chapter Three, General Project Management and Record-keeping.)

#### A. GENERAL INFORMATION

Date(s) of In-house Review: \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_

Grant Term: \_\_\_\_\_

#### Additional Instructions to Monitoring Staff:

1. In assessing Environmental Review compliance, DHCD staff must first determine if the activity or project to be undertaken is "exempt", "categorically excluded", or "requires full assessment." *Exempt activities*, which are identified in 24 CFR 58.34, include such activities as planning studies, engineering or design, administrative costs, technical assistance, and public services affecting only the social or economic environment, where no facilities, construction or public improvements are involved. *Categorically excluded activities* are those identified in 24 CFR 58.35, which do not involve new construction, do not change land use, and do not increase building density by more than 20 percent. *Full assessment activities* are those that are neither exempt nor categorically excluded.
2. Depending on the ER category of the proposed project or activity (that is, whether it is "exempt", "categorically excluded", or "requires full assessment"), the grantee must follow a series of specified action steps in order for the Maryland DHCD staff to issue a Release of Funds (ROF) and for the project to proceed. These action steps are outlined in the checklist which follows in this chapter. In assessing ER compliance, DHCD staff must determine that the grantee followed all applicable steps for the category of activity being undertaken. (NOTE: For more details on these action steps, see Chapter 5 of *Keys to Success: Guidebook for the Maryland CDBG Program*.)

B. ENVIRONMENTAL REVIEW REQUIREMENTS

<p style="text-align: center;"><b>ENVIRONMENTAL REVIEW CHECKLIST</b></p> <p>(See 24 CFR 58; last revised on 4/30/96, 3/30/98; see also Section 4b and Exhibits D and E of the Grant Agreement)</p>	<p style="text-align: center;"><b>Exempt Activities</b></p>	<p style="text-align: center;"><b>Categorically Excluded Activities</b></p>	<p style="text-align: center;"><b>Full Assessment Activities</b></p>	<p style="text-align: center;"><b>Comments:</b></p>
<p><b>Citation: 24 CFR 58.18(a)(1)(i): Requires that states develop a monitoring and enforcement program for post review actions on environmental reviews and monitor compliance with other environmental review conditions of the grant.</b></p> <p>1. <b>Knowledge of requirements:</b> Does the grantee demonstrate sufficient knowledge of applicable environmental requirements?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>2. <b>Certifying Officer:</b> Does the grantee have a designated environmental certifying officer?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>Citation: 24 CFR 58.38: Grantee must maintain a written Environmental Review record.</b></p> <p>3. <b>ERR:</b> Did the grantee submit an Environmental Review Record (ERR) containing appropriate findings, agency and public comments, copies of notices, etc.?</p>		<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>4. <b>Notification of Other Agencies:</b> Did the grantee send to MHT and (for non-Exempt Activities) to Dept. of Natural Resources (DNR), and Maryland Dept. of Environment a project description, environmental screening letter, map of site location, and contact information?</p> <p><b>Citation: 36 CFR 800 (latest revision 5/18/99): Requires grantees to consult with State Historic Preservation Officer to determine whether any properties to be assisted could be declared historic or in a historic district.</b></p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>5. <b>Statutory Checklist:</b> Did the grantee complete the Statutory Checklist indicating areas of statutory/regulatory compliance?</p>		<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	

<p style="text-align: center;"><b>ENVIRONMENTAL REVIEW CHECKLIST</b></p> <p>(See 24 CFR 58; last revised on 4/30/96, 3/30/98; see also Section 4b and Exhibits D and E of the Grant Agreement)</p>	<p style="text-align: center;"><b>Exempt Activities</b></p>	<p style="text-align: center;"><b>Categori-ally Excluded Activities</b></p>	<p style="text-align: center;"><b>Full Assess-ment Activities</b></p>	<p style="text-align: center;"><b>Comments:</b></p>
<p>6. <b>Environmental Assessment:</b> Did the grantee complete an Environmental Assessment Checklist? Date: _____</p>			<p style="text-align: center;"><b>Yes No</b></p>	
<p>7. <b>Narratives:</b> Did the grantee complete narratives as applicable?</p>			<p style="text-align: center;"><b>Yes No</b></p>	
<p>8. <b>NOI/RROF:</b> Did the grantee publish a "Notice of Intent to Request Release of Funds" (NOI/RROF) in newspaper? Date of NOI/RROF: _____</p>		<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p><i>Citation: 24 CFR 58.43: If grantee makes a FONSI, it must minimally send the notice to individuals or groups known to be interested in the activities, as well as local media and the appropriate State and Federal entities.</i></p> <p>9. <b>Publication of FONSI:</b> Was a Finding of No Significant Impact (FONSI) published in a newspaper or posted? Date of Publication of FONSI: _____</p>			<p style="text-align: center;"><b>Yes No</b></p>	
<p>10. <b>Distribution of Public Notice:</b> Did grantee send to the State Clearinghouse, DNR and MHT a copy of public notice w/ transmittal letter?</p>		<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	

<p style="text-align: center;"><b>ENVIRONMENTAL REVIEW CHECKLIST</b></p> <p>(See 24 CFR 58; last revised on 4/30/96, 3/30/98; see also Section 4b and Exhibits D and E of the Grant Agreement)</p>	<p style="text-align: center;"><b>Exempt Activities</b></p>	<p style="text-align: center;"><b>Categorically Excluded Activities</b></p>	<p style="text-align: center;"><b>Full Assessment Activities</b></p>	<p style="text-align: center;"><b>Comments:</b></p>
<p><b>Citation: 24 CFR 58.71: Grantees must send RROF and Certification to HUD or State Certifying Officer for execution.</b></p> <p><b>11. Request for Release of Funds (RROF):</b>  <u>For Exempt Activities:</u> Did grantee send to the State CDBG Environmental Officer a Certificate of Exempt Activity, Request for Release of Funds (RROF), and copy of MHT Project Notification Letter?</p> <p><u>For All Other Activities:</u> Did grantee send to the CDBG Environmental Officer the RROF and ERR following publication of the NOI/RROF?</p> <p>Date of RROF: _____</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>12. ROF:</b> Did the CDBG Program approve the RROF?  Date of ROF: _____</p> <p><i>Note: If any issues arose in approving the RROF, please note either in Comments column of this checklist or on the Environmental Review Requirement – Summary Page for Monitoring and Compliance Review that follows.</i></p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	

# ENVIRONMENTAL REVIEW REQUIREMENTS

## SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

Please describe any issues arising from the questions in the preceding checklist. Describe any issues warranting further review and/or discussion with grantee's staff. For any issue identified during the review, provide amplification, as necessary, and specify corrective actions the grantee must take to resolve issue(s). Describe the nature of any technical assistance provided during the review. List any follow-up action for the Maryland DHCD staff and/or the grantee, along with dates by which such actions must be taken.

**Local Staff Interviewed:**

Name:	Title:	Location:	Date(s) of Interview:	Telephone #/e-mail:
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**Issues/Concerns/Findings (and Relevant Citations):**

**Necessary Action Steps and/or Resolution (and Deadlines):**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Based on the evidence reviewed, has the grantee complied with appropriate environmental requirements? Yes No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER THREE

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted “on-site” at the local program office through review of relevant grantee policies and procedures, review of general files, inspection of case files selected at random by the Reviewer as appropriate, and finally, through interviews of key staff. The concerns or findings identified in this on-site review should be noted on the General Project Management and Record-keeping Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

Date(s) of On-Site Review: \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any General Project Management and Record-Keeping issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. The specified issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

## **Additional Instructions to Monitoring Staff:**

### **PROJECT MANAGEMENT**

Grantees must have the administrative capacity to ensure that CDBG projects are implemented and completed on schedule and within the approved budget, and that the overall project and its individual activities meet the primary objectives of the Housing and Community Development Act of 1974, as amended, the other CDBG program regulations, and other applicable Federal and State compliance requirements and laws. Grantees can either achieve these capacities through their own staff and administrative structures, or through delegation of some of these functions to subrecipients, with the approval of DHCD.

Monitoring grantee administrative capacity to meet compliance, project performance, and National Objective requirements includes an assessment of the following:

- Overall CDBG management structure;
- Internal procedures and controls;
- Capacity to track projects and activities from the planning stage through applicable major milestones (e.g., release of funds, contract bid and award, etc.) to completion;
- Consistency of the implemented project with the approved Community Development plan (as reflected in the grant application, Grant Agreement, and any amendments);
- Capacity of the grantee (and/or its subrecipients) to ensure compliance with the relevant programmatic and compliance requirements, including those related to citizen participation (see certifications in Exhibit E of the Grant Agreement) .

The grantee's ability to exhibit these capacities, and the Reviewer's ability to assess them, will be dependent on the quality of the documentation and record-keeping system that the grantee (and/or its subrecipient) has in place.

### **RECORD-KEEPING REQUIREMENTS**

24 CFR 570.490 and 24 CFR 570.506 describe the Federal record-keeping requirements in general terms. In addition, Section 9 and Exhibits A and D of the Grant Agreement provide additional guidance to grantees on records to be maintained. At a minimum, the grantee's records must provide a full description of each activity assisted, including its location, the amount of funds budgeted, obligated and expended, and the category of eligible activity(ies) being undertaken (pursuant to Subpart C of 24 CFR 570). The records must also be sufficient to document compliance with all other applicable State and Federal requirements. Grantees may follow their own record-keeping practices as long as these standards are met, and the grantee has the capacity to provide the various reports periodically required by DHCD, particularly those specified in Exhibit D of the Grant Agreement. The CDBG project records must be maintained for a period of three years after the close-out date of the CDBG grant; in the event of litigation, claims, or other unresolved legal or audit issues, however, the three-year period is extended.

## IN-HOUSE REVIEW

Prior to going on-site, DHCD staff should review the grantee's approved application, Grant Agreement (and amendments, if any), and progress reports with particular attention to the following:

- Management/project staff structure (including whether grantee has been authorized to use a subrecipient)
- Activities being implemented (and their location)
- Project budget, and obligations, expenditures, and draw downs to date (note: particular attention should be paid to the rate of expenditure of administrative funds relative to program funds)
- Project schedule and progress to date (see Section 7 of the Grant Agreement)
- Anticipated project benefits and results
- Approach to satisfaction of National Objectives (see exhibit A of the Grant Agreement)

Any issues suggested by this in-house review should be flagged for further examination (and ideally resolution) during the on-site portion of the Monitoring Review.

## ON-SITE REVIEW

The on-site review of General Project Management and Record-keeping typically will involve the following types of activities:

- Interview grantee's management, program, and administrative staff (and/or those of their subrecipients, as relevant).
- Inspect project sites, both for completed and on-going CDBG activities.
- Conduct a general review of the project records. (Note: More detailed review of certain categories of records will take place in relation to other components of the overall monitoring process, as specified in the other chapters of this Handbook. For example, a detailed examination of financial records will occur as part of the Financial Management and Procurement monitoring components – see Chapters Four and Five.)

DHCD staff must review the grantee's (and/or subrecipient's) files to determine whether adequate documentation is being maintained to show compliance with the applicable Federal and State requirements. In regard to the local record-keeping system, the Reviewer should look for the following:

- The record-keeping system should be divided into categories that logically correspond to the key components and compliance areas of the project (e.g., citizen participation, environment review, documentation of National Objectives, etc.); it should be updated regularly, and maintained in an orderly manner. (Continued on next page)

(Continued from previous page)

- Responsibility for maintaining the CDBG project files may be divided among several individuals. The Reviewer should identify those individuals who have responsibility for maintaining the CDBG files.
- All CDBG files must be secure and safeguarded.
- The records must be easily accessible to appropriate and authorized grantee (or subrecipient) staff, as well as State and Federal officials or their designees (e.g., the files may not be kept in someone's home or automobile).
- The files must contain adequate source documentation.

As part of their review, DHCD staff should document their conclusions concerning projects and activities that are progressing on schedule and those which lag behind or appear to be ineligible or in non-compliance. Projects delayed due to circumstances beyond the grantee's control should be discussed with the grantee and appropriate rescheduling should be agreed upon.

Projects/activities for which little or no progress has been made, or which appear to be ineligible or inconsistent with National Objectives, or which exhibit non-compliance with other pertinent State or Federal requirements should result in a finding. DHCD monitoring staff should also consider and be prepared to offer proposed remedies (including technical assistance) that will remove impediments to progress or non-compliance.

All such issues identified during the on-site review should be noted on the General Project Management & Record-keeping Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter of the Handbook.

C. GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>CITIZEN PARTICIPATION</b></p>		
<p><b>Citation: 24 CFR 570.486 (last revised on 11/9/92 and 10/22/96) specifies the citizen participation requirements for local government, including: providing reasonable and timely access to local meetings, information and records; providing technical assistance to groups representing local and moderate income persons in developing proposals; and providing citizens with at least two public hearings to learn about and comment on community development and housing needs, development of proposed activities, and a review of program performance.</b></p> <p>1. Does the grantee have a written Citizen Participation Plan that is being followed?</p>	<p style="text-align: center;">Yes    No</p>	
<p>2. Is there evidence that the grantee conducted a minimum of two public hearing relative to community development and housing needs, proposed activities, and program performance?</p> <p>Dates of Public Hearings: _____</p>	<p style="text-align: center;">Yes    No</p>	<p>Location of Public Hearings: _____</p>
<p>3. Is there evidence of citizen complaints related to any aspect of the grantee’s CDBG project?</p> <p>3.1 If yes, is there evidence that the grantee adequately resolved citizen complaints and did so on a timely basis?</p> <p>3.2 Was a responsible effort made to provide written responses to citizen complaints?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p>If “No”, explain:</p> <p>If “No”, explain:</p>

<p align="center"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p align="center"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p align="center"><b>Comments and Description of Documentation or Issues:</b></p>
<p>4. Did the grantee provide groups representing low and moderate income persons with access to technical assistance in developing proposals relative to the use of CDBG funds in the community?</p>	<p align="center">Yes    No</p>	
<p>5. Did the grantee respond to requests for information or records from citizens in writing, and in a timely manner?</p>	<p align="center">Yes    No</p>	
<p>6. Describe any other grantee efforts to actively solicit citizen input throughout project implementation.</p>		

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>NATIONAL OBJECTIVES</b>		
<p><i>Citation: 24 CFR 570.483 (last revised on 11/9/92, 1/5/95, 4/6/95, and 10/2/96) provides criteria for the satisfaction of National Objectives. See also Exhibit A of Grant Agreement.</i></p> <p>1. Which National Objective has the grantee chosen to meet?</p> <p>Principal benefit to low and moderate income persons -- Area Benefit <input type="checkbox"/></p> <p>Principal benefit to low and moderate income persons -- Limited Clientele <input type="checkbox"/></p> <p>Principal benefit to low and moderate income persons -- Housing <input type="checkbox"/></p> <p>Principal benefit to low and moderate income persons -- Job Creation/Retention <input type="checkbox"/></p> <p>Activities which aid in the prevention or elimination of slums or blight – Area Basis <input type="checkbox"/></p> <p>Activities which aid in the prevention or elimination of slums or blight – Spot Basis <input type="checkbox"/></p> <p>Activities designed to meet community development needs having a particular urgency. <input type="checkbox"/></p>		

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i>Note: The Reviewer should consult with the DHCD staff addressing the “programmatic” portion of the monitoring review (e.g., Chapter Eleven—Housing Rehabilitation, Chapter Twelve--Public Facilities/Infrastructure, or Chapter Thirteen—Economic Development) before completing questions #2 through #6.</i></p> <p>2. Has the grantee documented how it is meeting the National Objective requirement?</p> <p>2.1 Is the documentation valid and reliable?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Briefly describe the grantee’s data sources:</p>
<p>3. For projects principally benefiting low and moderate income persons:</p> <p>3.1 To date, what percentage of CDBG funds are providing a direct benefit to low and moderate income persons? _____%</p> <p>3.2 To date, what percentage of CDBG funds are providing an indirect benefit to low and moderate income persons? _____%</p> <p>3.3 (Where appropriate) How many new jobs were created or made available for low and moderate income persons? _____</p> <p>3.4 (Where appropriate) How many jobs were retained for low and moderate income persons? _____</p>		<p>Please explain the percentages/numbers that were entered in the first column:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>4. For projects that aid in the prevention or elimination of slums or blight:</p> <p>Does a visual inspection or other evidence (e.g., photographs, etc.) of the project area confirm the grantee's definition?</p>	<p style="text-align: center;">Yes    No</p>	<p>Provide the grantee's definition of "slums and blight"</p>
<p>5. For projects designed to meet community development needs having a particular urgency:</p> <p>Is there valid evidence to support the grantee's contention that the project had a particular urgency?</p>	<p style="text-align: center;">Yes    No</p>	<p>Describe the nature of the urgency:</p>
<p>6. Does it appear that the grantee will be able to satisfy the specified National Objective?</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>GENERAL PROJECT MANAGEMENT</b>		
<p><i>Citation: 24 CFR 570.501 (last revised 3/11/88 and 6/17/92) indicates grantees are responsible for ensuring that CDBG funds are used in compliance with all program requirements. The use of designated public agencies, contractors, or subrecipients does not relieve the grantee of this responsibility.</i></p> <p>1. Is someone responsible for the day-to-day administration of the CDBG Project?</p> <p>If yes, list name and title: _____</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>2. If the project is being administered by a subrecipient, has the appropriate third party contract/Subrecipient Agreement been executed?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>3. Does the person responsible for the CDBG project have appropriate authority to make and implement decisions?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>4. Does the project have the full local staff complement as proposed in the grant application and reflected in the Grant Agreement?</p> <p>Number of FTE staff: _____</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>5. Has the grantee cleared any special conditions contained in the Grant Agreement?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>6. Based on a project site inspection, are project locations consistent with the areas described in the approved grantee application?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>7. Based on a project site inspection, are the project and activities taking place consistent with what was described in the grantee application and authorized by the Grant Agreement?</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>
<p>8. Based on a project site inspection and review of records, does it appear that CDBG funds are being spent on eligible activities?</p> <p><i>Note: Before completing this question, the Reviewer should consult with the DHCD staff member conducting the Financial Management review (see Chapter Four).</i></p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>
<p>9. Does it appear that the project will be completed on schedule?</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>
<p>10. Does it appear that the project will be completed within budget?</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>GENERAL RECORD-KEEPING</b>		
<p><i>Citation: 24 CFR 570.490 and 24 CFR 570.506 (last revised 9/6/88, 10/21/88, 1/5/95, 11/9/95, 4/29/96, and 7/19/99).</i></p> <p><b>Note: Prior to answering questions #1 and #3 which follow, the Reviewer should consult with the DHCD staff completing the monitoring reviews on Financial Management and on the other compliance areas described below.</b></p> <p>1. Does the grantee (or its designee) maintain accurate, complete and orderly records that fully describe each activity assisted with CDBG funds, including its location, the funds budgeted, obligated and expended, and the category of eligible activity being undertaken?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>
<p>2. Is there a records and reporting system in place that permits the grantee to assess project progress (including the progress of contractors and/or subrecipients, as relevant) in a timely way?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>3. Does the grantee (or, where appropriate, its designee) maintain accurate, complete and orderly records that document compliance with relevant rules and regulations in the following areas?:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Citizen Participation</li> <li><input type="checkbox"/> Financial Management (see Chapter Four)</li> <li><input type="checkbox"/> Procurement and Bonding (see Chapter Five)</li> <li><input type="checkbox"/> Acquisition, if relevant (see Chapter Six)</li> <li><input type="checkbox"/> Relocation, if relevant (see Chapter Seven)</li> <li><input type="checkbox"/> Property Management (see Chapter Eight)</li> <li><input type="checkbox"/> Fair Housing/EEO (see Chapter Nine)</li> <li><input type="checkbox"/> Labor Standards (see Chapter Ten)</li> <li><input type="checkbox"/> Subrecipient Monitoring, if relevant (see Chapter Fourteen)</li> </ul>	<p style="text-align: center;">Yes    No</p>	<p>For any "No" response: please explain:</p>

<p style="text-align: center;"><b>GENERAL PROJECT MANAGEMENT AND RECORD- KEEPING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>4. Does the grantee (or its designee) maintain its records in a secure location?</p> <p>Are these records easily accessible?</p> <p>Is the grantee aware of the period for which records must be retained (i.e., a minimum of 3 years after closeout of State's CDBG grant, unless audit issues or litigation require retention for a long period)?</p> <p>Does it appear that grantee is complying with retention requirement?</p>	<p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p>	
<p><b>ENVIRONMENTAL REVIEW RECORDS</b></p>		
<p><i><b>Citations: 24 CFR 58.47 regarding re-evaluation of environmental assessments and 24 CFR 58.38 regarding maintenance of the Environmental Review Record.</b></i></p> <p>1. <u>Change in Project Scope</u>: Has there been a change in the project scope since approval of the Request for Release of Funds (RROF) that necessitates an update to the Environmental Review?</p> <p>If "Yes", did the grantee follow the proper procedures to update its Environmental Review?</p>	<p>Yes    No</p> <p>Yes    No</p>	<p>If "No", explain:</p>
<p>2. <u>Maintenance of Records</u>: Has the grantee maintained the Environmental Review Record (ERR) throughout the life of the project, with copies of notices, correspondence, the signed copy of the ROF, project descriptions, etc.?</p>	<p>Yes    No</p>	<p>If "No", explain:</p>

GENERAL PROJECT MANAGEMENT AND RECORD-KEEPING REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any concerns or findings identified during the review, provide amplification as necessary, and specify any corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such action must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Overall, does the grantee (or its designee) exhibit adequate project management capacity? Yes No

Based on the materials reviewed, does the grantee (or its designee) maintain a record-keeping system that meets the relevant standards? Yes No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER FOUR

FINANCIAL MANAGEMENT REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office through review of grantee policies and procedures, review of general files, inspection of actual transactions selected at random by the Reviewer, and finally, through interviews of key staff. The issues and concerns identified in this on-site review of the grantee's financial management activities should be noted on the Financial Management Requirements -- Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

Date(s) of On-Site Review: \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_

Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name:	Title:	Location:	Date of Interview:	Telephone #/e-mail:
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY: *Note: Please refer to Section D of the General Project Information Summary (Chapter One).*** Any Financial Management issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. The specified issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

## **Additional Instructions to Monitoring Staff:**

### **FINANCIAL MANAGEMENT**

In accordance with 24 CFR 570.489(d)(2), the State of Maryland has chosen to adopt Federal requirements for expending and accounting for funds received under the State CDBG program. These financial administrative requirements (**detailed in 24 CFR 85.20-85.26 for governmental grantees and 24 CFR 84.20-84.28 for non-profit subrecipients**) affect almost all areas of a grantee's activities. These include the grantee's organizational structure, budgeting, expenses, record-keeping, and reporting. Accordingly, grantees must demonstrate a clear understanding of and compliance with 24 CFR 85 in a number of areas.

In general, the monitoring and compliance review seeks to determine whether the grantee is meeting the following financial management requirements:

- Costs incurred are in support of the activities identified in the approved CDBG application and Grant Agreement.
- Costs incurred are eligible and reasonable under the provisions of 24 CFR 85, the Maryland CDBG Program Plan, and Title I of the Housing and Community Development Act of 1974, as amended.
- Funds are drawn down and disbursed in a timely fashion as required by 24 CFR 85 and Maryland's Request for Payment procedures.
- All appropriate program income has been credited.
- All CDBG transactions are recorded properly and are accounted for in accordance with generally accepted accounting principles.
- The project is being managed in a manner that minimizes any opportunity for fraud, waste or mismanagement.
- Special financial limitations or requirements of the CDBG Grant Agreement have been met.

To monitor financial management compliance, DHCD staff will review the grantee's overall financial transactions flow, including appropriate registers, ledgers and journals. Source documentation, such as contracts, purchase orders, time sheets, vouchers, invoices, deposit slips and bank statements that support accounting entries, will also be reviewed. Key issues to be addressed include:

- Is there a system that has the capacity to identify and record CDBG revenues and expenditures?
- Is the system adequate for the purposes of tracking CDBG financial transactions?
- Are financial data consistent with the approved CDBG budget and the representation made on the grantee's Requests for Payment?

### **ON-SITE REVIEW**

During the on-site monitoring activities, typically the Reviewer will:

- Request the grantee to assemble all CDBG financial records and describe the overall process for recording and summarizing financial data (and ask the grantee to describe the use of each CDBG financial management component -- e.g. registers, journals, ledgers -- and the relationships among them).

- Request the grantee to describe how CDBG financial files are maintained over time.
- Ask for the CDBG chart of accounts. (This lists the names and the numbering system for the individual accounts that contain the basic information on the agency's financial transactions.)

(Continued on next page)

(Continued from previous page)

- Select a sample of cancelled checks, contracts, purchase orders, deposit slips and time sheets to track through the grantee's financial system from accounting entries back to the approved CDBG Grant Agreement. The sample size should be determined by the nature and complexity of the project. Although the approach will vary somewhat from project to project, the Reviewer should seek to sample at least three disbursements covering as many different types of transactions as possible – e.g., a payroll transaction, a purchase order, and a contractor payment, etc. (Obviously, if a project involves a single large transaction with CDBG funds, such as an acquisition, this may not be possible.)
- Review selected receipts and disbursements to ensure all transactions are recorded in a consistent manner (i.e., did the grantee process and record them the same way every time?)
- Review accounting entries to determine if receipts and disbursements were posted to journals and ledgers within a reasonable period of time, typically five working days, to keep records current.
- Spot check for mathematical errors.
- Make sure subsidiary records agree with general records.
- Ensure financial records are summarized and reconciled monthly and cash balances agree with bank statements. For grantees that submit Requests for Payment on an advance basis, review bank statements and accounting records to determine if Requests for Payment were limited to immediate cash needs. Identify any program income that may not have been reported on a Request for Payment .
- Check paid invoices to determine if they display proper local approvals.
- Check dates on appropriate obligations to ensure they were incurred after the CDBG project's approved Release of Funds (per Environmental Review requirements – see Chapter Two).
- Review payrolls to determine if hours charged to the CDBG project are supported by time sheets approved by a local official other than the person who completed the timesheet. Also ensure that payroll charges reflect the percentage of time devoted to CDBG activities.
- Review financial files to ensure they are complete and organized adequately (see Record-keeping Monitoring and Compliance Review).
- Review grantee procedures to safeguard blank checks.
- If the grantee has utilized an indirect cost rate, review the approved cost allocation plan to ensure the rate charged to the CDBG project is consistent with the approved rate.

All issues identified during the on-site review should be noted on the Financial Management Requirements – Summary Page for

C. FINANCIAL MANAGEMENT REQUIREMENTS

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b></p> <p style="text-align: center;">_____</p>	<p style="text-align: center;"><b>Transaction #2</b></p> <p style="text-align: center;">_____</p> <p style="text-align: center;">(Optional)</p>	<p style="text-align: center;"><b>Transaction #3</b></p> <p style="text-align: center;">_____</p> <p style="text-align: center;">(Optional)</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>BUDGET CONTROLS</b>					
<p><i>Citation: 24 CFR 85.20(b)(4): Requires that “actual expenditures and outlays must be compared with budgeted amounts for each grant or sub-grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate...”</i></p> <p>1. <b>Actual to Budget Comparisons:</b> Does the grantee compare, on a regular, on-going basis, actual expenditures with budgeted amounts?</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	
<p>2. <b>Relationship to Performance and Cost Data:</b> Does the grantee relate its financial information to performance or productivity data, as appropriate?</p> <p>Does the grantee relate its financial information to unit cost data when appropriate?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	
<p>3. <b>Local Contribution:</b> Has the grantee provided the local contribution pledged for the CDBG project?</p> <p>Amount of Contribution Pledged: \$ _____</p>	<p>Yes No</p>				
<b>ACCOUNTING RECORDS</b>					
<p><i>Citation: 24 CFR 85.20(b)(2): Grantees must maintain records which adequately identify the source and application of funds. These records must contain information pertaining to grant awards or authorizations, obligations, unobligated balances, assets, liabilities, outlays and expenditures, and income.</i></p> <p>1. <b>Availability of records:</b> Were the accounting records available for review?</p>	<p>Yes No</p>				<p>If “No”, explain:</p>

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>2. <b>Adequacy of accounting records:</b> Do the accounting records identify the source and application of funds?</p> <p>Do the accounting records contain information on the grant award, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	
<p>3. <b>Maintenance of accounting records:</b> Does the grantee maintain its account records in a secure location with controlled access?</p>	<p>Yes No</p>				
<p>4. <b>Posting and reconciliation procedures:</b> Are journal entries properly approved, and adequately explained/supported in the accounting records?</p> <p>Are postings and trial balances performed on a regular basis?</p> <p>Typical frequency of postings: _____</p> <p>Typical frequency of trial balances: _____</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	

FINANCIAL MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations	Transaction #1 _____	Transaction #2 _____ (Optional)	Transaction #3 _____ (Optional)	Comments and Description of Documentation or Issues:
<b>SOURCE DOCUMENTATION</b>					
<p><i>Citation: 24 CFR 85.20(b)(6): Accounting records must be supported by source documentation, such as cancelled checks, paid bills, payrolls, time and attendance records, contract documents, etc. See also 24 CFR 85.20(a)(2) regarding the required capacity of the grantee to trace funds to expenditures to ensure that such funds have been used in compliance with applicable requirements.</i></p>					
<p>1. <b>Audit trail:</b> Can CDBG-related cash disbursements for purchases of goods or services be traced from accounting entries to:</p> <ul style="list-style-type: none"> <li>- Cancelled checks for payment?</li> <li>- Appropriate bills and invoices?</li> <li>- Approved purchase orders or other contracts for goods and services?</li> <li>- Activities identified in the CDBG Grant Agreement?</li> </ul>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<p>2. <b>Full description:</b> Does the grantee's source documentation show the item/service paid for, the amount of cost, the date of expenditure, and the basis/purpose of the cost?</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	
<p>3. <b>Documentation of personnel costs:</b> Does the grantee's source documentation properly support personnel expenses with time and attendance records, payrolls, and cancelled checks?</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Yes No</p>	

FINANCIAL MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations	Transaction #1 _____	Transaction #2 _____ (Optional)	Transaction #3 _____ (Optional)	Comments and Description of Documentation or Issues:
<b>ALLOWABLE COSTS</b>					
<p><i>Citations: 24 CFR 85.20(b)(5) and 24 CFR 85.22: Indicate that applicable OMB cost principles will be used to determine allowable costs. These principles, spelled out in OMB Circular A-87, require that grantees prove that costs incurred under the CDBG grant are reasonable, allowable and allocable.</i></p> <p>1. <b>Reasonability of costs:</b> Does a review of a sample of transactions indicate that the grantee's costs are:</p> <ul style="list-style-type: none"> <li>- Ordinary and necessary to the performance of the approved activity?</li> <li>- Reflect sound business practices and prudent action?</li> <li>- Are not deviations from established practices?</li> </ul>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<p>2. <b>Allowability:</b> Does a review of grantee's project costs indicate that such costs:</p> <ul style="list-style-type: none"> <li>- Are not prohibited under Federal, State or local laws?</li> <li>- Have been authorized in the Grant Agreement (including the specification of approved activities, the term in which costs may be incurred, and any relevant special conditions)?</li> <li>- Are consistently treated, and net of all applicable credits?</li> </ul>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>3. <b>Cost allocation:</b> Does the grantee follow proper cost allocation procedures for its direct and indirect expenses, that is:</p> <ul style="list-style-type: none"> <li>- Are direct costs allocated to the grant in proportion to the relative benefit derived from such expenses by the project (i.e., if only half of some supplies purchased are being used for grant-related activities, the grant will only be charged half the cost of such supplies)? <i>[Note: The Reviewer should devote particular attention to how personnel and space costs are being allocated.]</i></li> <li>- Are indirect costs charged to the grant according to an approved indirect cost allocation rate?</li> </ul>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<b>CASH MANAGEMENT</b>					
<p><b><i>Citation: 24 CFR 85.20(b)(7): Requires the grantee to have procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees, whenever advances of Federal funds are used.</i></b></p> <p>1. <b>Cash advances:</b> Does the grantee draw down funds on an advance basis?</p> <p>If “Yes”, go to question #2.</p> <p>If “No”, go to question #3.</p>	<p style="text-align: center;">Yes No</p>				

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>2. <b>Disbursement procedures:</b> Does the grantee have procedures in place that are consistently followed to ensure that Federal funds drawn down as an advance basis are disbursed within five business days of their receipt?</p> <p><i>Note: Grantees that draw down through the reimbursement method automatically comply with five-day rule.</i></p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	
<p>3. <b>Authorized signatories:</b> Do signatures on the Request for Payment match the names of officials identified on the Authorized Signature Card?</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	
<p>4. <b>Accurate information on draw down requests:</b> Does documentation support the amounts being requested on the Requests for Payment?</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	
<p>5. <b>Minimum draw down required:</b> In each case reviewed, were requests limited to the minimum amounts needed?</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	<p style="text-align: center;">Yes   No</p>	
<p>6. <b>Interest on funds:</b> Are CDBG funds <i>drawn down on an advance basis</i> deposited directly into a non-interest bearing depository account?</p>	<p style="text-align: center;">Yes   No</p>				

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>If "No", does the grantee have procedures in place to ensure that the interest earned on such advances are returned to the State of Maryland?</p> <p><i>Note: Grantees who draw down funds exclusively on a reimbursement basis are permitted to deposit such funds in an interest-bearing account and to keep such interest.</i></p>	<p>Yes    No</p>				
<b>INTERNAL CONTROLS</b>					

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i><b>Citation: 24 CFR 85.20(b)(3): Requires grantees to maintain “effective control and accountability” for all grant and sub-grant cash, real and personal property, and other assets. The regulations also require grantees to safeguard all such property and assets, and assure that they are used solely for authorized purposes.</b></i></p> <p><i><b>Internal controls consist of a combination of procedures, specified responsibilities, qualified personnel, and records which together create accountability in an organization’s financial system and keep its cash, property and other assets safe. Because of the sweeping nature of the term “internal controls”, the Reviewer needs to consider the responses in the earlier sections of this checklist in completing the questions in this section.</b></i></p> <p><i><b>[Note: In addition, since an assessment of internal controls also needs to examine the grantee’s procedures for purchasing and safeguarding property, the Reviewer should examine the responses for Chapter Five – Procurement and Bonding, and for Chapter Eight – Property Management before completing this section.]</b></i></p> <p><b>1. Adequate specification of financial procedures:</b> Does the grantee have a written chart of accounts, an accounting manual describing procedures for authorizing and/or recording financial transactions, and/or some other method to ensure that proper financial procedures are consistently followed and grant resources are only used for authorized purposes?</p>	<p style="text-align: center;">Yes No</p>				
<p><b>2. Adequate specification of duties:</b> Does the grantee have an organizational chart showing titles and lines of authority for all individuals approving or recording financial and other transactions, as well as job descriptions detailing the responsibilities of key financial employees?</p>	<p style="text-align: center;">Yes No</p>				

FINANCIAL MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Policies & Regulations	Transaction #1 _____	Transaction #2 _____ (Optional)	Transaction #3 _____ (Optional)	Comments and Description of Documentation or Issues:
3. <b>Separation of duties:</b> Is there adequate separation of duties for all financial transactions (i.e., the grantee has a system that involves at least two people for authorizing and recording financial transactions to provide for a system of checks and balances)?	Yes No	Yes No	Yes No	Yes No	
4. <b>Hiring policies:</b> Do the grantee's hiring policies ensure that the qualifications of the financial staff are equal to their job responsibilities?	Yes No				
5. <b>Access controls:</b> Does the grantee maintain adequate control of access to accounting records, blank forms, checkbooks, and confidential records?	Yes No				
6. <b>Comparison of financial records to actual assets and liabilities:</b> Does the grantee have an adequate system of periodically checking financial records against actual assets and liabilities to ensure that the financial records are accurate, to correct errors in a timely way, and to protect resources against fraud or misuse of assets?	Yes No				
<b>FINANCIAL REPORTING</b>					
<p><i>Citation: 24 CFR 85.20 (a)(1) and (b)(1): Require the grantee to have sufficient financial management systems to permit preparation of required reports, and to ensure that those reports provide accurate, current, and complete disclosure of the grantee's financial activities and status.</i></p> <p>1. Has the grantee submitted requested financial reports in a timely manner?</p>	Yes No				



<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>2. <b>Program Income Plan:</b> Does the grantee have a DHCD-approved plan for the retention and re-use of program income?</p> <p style="padding-left: 20px;">If “Yes”, is the grantee adhering to that plan in its re-use of program income (for example, the program income is only being used for the activities specified in the plan)?</p> <p style="padding-left: 20px;">If “No”, has the grantee returned to the State of Maryland any program income that it has received and that exceeds the “threshold”?</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>				
<p>3. <b>Use of program income first:</b> In cases where the grantee has an approved program income plan, do the grantee’s accounting records confirm that program income is used for the specified activities before additional draw downs of grant funds are made for those same activities?</p>	<p style="text-align: center;">Yes No</p>				
<p>4. <b>Reporting of program income:</b> Based on a review of bank statements or other documents, has the grantee consistently and accurately recorded the receipt of program income in its accounting records, and reported on program income on its Requests for Payment submitted to DHCD and other financial reports?</p>	<p style="text-align: center;">Yes No</p>				

<p style="text-align: center;"><b>FINANCIAL MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Transaction #1</b> _____</p>	<p style="text-align: center;"><b>Transaction #2</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Transaction #3</b> _____ <b>(Optional)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>5. <b>Disposition of program income:</b> Will the grantee have program income on hand at the end of the grant term?</p> <p style="padding-left: 20px;">If “Yes”:</p> <ul style="list-style-type: none"> <li>- If the grantee <i>will</i> be allowed to continue to use the program income after the end of the grant term, are there sufficient controls in place to ensure that these funds will continue to be used in conformance with the CDBG requirements?</li> <li>- If the grantee will <i>not</i> be allowed to continue to use the program income after the end of the grant term, have provisions been made for the grantee to return these funds to the State of Maryland?</li> </ul>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>				

FINANCIAL MANAGEMENT REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any financial management concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate financial management requirements?    Yes    No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER FIVE

PROCUREMENT AND BONDING REQUIREMENTS

MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted “on-site” at the local program office through review of grantee policies and procedures, review of general files, inspection of actual procurement files selected at random by the Reviewer, and finally, through interviews of key staff. Any issues identified in this on-site review of the grantee’s procurement and bonding activities should be noted on the Procurement and Bonding Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY: *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Procurement and Bonding issues that emerged from the completion of Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.***

Issues for On-Site Follow-Up	Related Questions/Citations	Staff Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____


## Additional Instructions to Monitoring Staff:

### PROCUREMENT

Grantees are likely to procure a variety of items and services over the course of implementing their Maryland CDBG project. The general “rules of thumb” for procurement are that grantees should:

- Purchase only those supplies and services actually required for the project;
- Follow a free and open competitive process in obtaining the necessary services or products;
- Properly document all of their purchasing activities;
- Follow the specific rules associated with different types of purchases;
- Use small, minority, women-owned and local businesses whenever possible; and
- Ensure that construction contractors and subcontractors are properly bonded, insured, and monitored.

The Federal regulations (at 24 CFR 85.36 for local government grantees and 24 CFR 84.40-48 for non-profit subrecipients) identifies four major methods of procurement:

1. **Competitive Sealed Bids** – This is the preferred method for procuring construction services. Grantees are required to conduct formal advertising through issuing an Invitation for Bids (IFB). Bids must be opened publicly. The grantee must receive bids from at least two (2) responsible vendors. A firm fixed price contract is awarded to lowest responsible and responsive bidder whose bid conforms with all the material terms and conditions of the IFB.
2. **Competitive Proposals** – This method is typically used when conditions are not appropriate for the use of the sealed bid method, such as for the procurement of professional services (e.g., consultants, architects, engineers, accountants, etc.). Under this approach, proposals are solicited from qualified vendors through the grantee publicizing a Request for Proposals. The contract must be awarded to the most responsive and responsible offeror after scoring the proposals according to pre-determined evaluation criteria to identify the “most advantageous” source of the services or goods.
3. **Small Purchases** – For items costing less than \$100,000 under Federal rules, although local and State ceilings on “small purchases” tend to be much lower. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of sources.
4. **Non-Competitive Proposals** – This method should be used only when the grantee has a need to acquire goods or services that are available from only one source, to meet an emergency requirement, or in instances in which there is inadequate competition after proposals/bids have been sought from several sources. This method generally requires prior consultation

and/or approval from DHCD.

(Continued on next page)

In all instances, the grantee's solicitation should be as explicit as possible in order that the respondents know what is being requested and the qualifications necessary to be considered. It is recommended that grantees include the following items in their solicitations:

- Purpose of the procurement.
- The identity of the person who is the procurement officer and is the sole point of contact for the particular procurement.
- A statement that any changes or amendments to the solicitation will be sent to all who received the original solicitation.
- A date and time for submission of responses, and indication that a late response will not be considered.
- A statement that the soliciting organization is not responsible for any expense that bidders/offerors may incur in preparing bids or proposals.
- A statement reserving the right to reject any and all bids or parts of bids.
- A section describing any affidavits the bidder must fill out, including any bonding that may be required.
- The expected term of the contract.
- A list of all mandatory clauses.
- A statement that prices are irrevocable for 90 days.
- A statement that vendors must specifically indicate those parts of their bids or proposals that they request remain confidential.
- The specific rating criteria that will be used to evaluate offers.

In addition, DHCD staff should ensure that grantees do not employ the following procurement practices:

- Splitting bids specifically so "small purchase" procedures can be used.
- Providing inside information to a prospective bidder/offeror.
- Abusive change order or contract modification practices
- Preparation of fictitious bids
- Unnecessarily restrictive specifications
- Payment to contractors before services or goods inspected.

Procurement practices are an integral part of Federal labor provisions, as well as affirmative action and equal employment opportunity provisions. As part of the procurement process, grantees should encourage the participation of minority- and women-owned business enterprises (see Chapter Nine – FHEO and Chapter Ten – Labor Standards). Furthermore, DHCD staff must also ensure that no grantee funds were obligated for activities requiring an environmental assessment prior to DHCD approval of the grantee's Request for Release of Funds (see Chapter Two – Environmental Review).

For contracts of \$100,000 or less in value, grantees are free to use their own requirements relating to bid guarantees and bonding. Bid guarantees as well as performance and payment bonds are required for contracts exceeding \$100,000, in amounts equal to the following:

- Bid guarantee from each bidder equivalent to 5% of the bid price to secure a firm commitment that the bidder will, upon acceptance of his or her bid, execute contractual documents.
- Performance bond on the part of the contractor for 100% of the contract price to secure fulfillment of all of the contractor's contract responsibilities.
- Payment bond on the part of each contractor for 100% of the contract price to assure payment to all persons supplying labor and materials.

#### IN-HOUSE REVIEW

The procurement and bonding monitoring review should be timed so that the grantee has completed a number of procurements prior to the review. The Reviewer should conduct the following activities as part of the in-house review:

- ◆ Review the approved application and Grant Agreement to determine the nature and types of procurement that can be expected relative to the project.
- ◆ Identify any grantee requests for changes in the project scope or budget, or other amendments, that may impact procurement.
- ◆ Determine if the grantee has requested and received approval for contractor clearance; note the names of the approved contractors.
- ◆ Review any approved Requests for Payment to identify contract or other procurement activities for which Maryland CDBG Program funds have been used.

#### ON-SITE REVIEW

DHCD monitoring staff should first focus on the grantee's overall procurement and bonding policies to ensure that these policies are consistent with the Federal and State requirements. After the adequacies of the grantee's policies have been established, the Reviewer should focus on the extent to which the grantee actually complied with these standards in its practices.

To review grantee compliance, the Reviewer must sample a number of procurements. ***The overriding concern of the monitoring review is that, to the maximum extent feasible, open and free competition characterized all procurements.*** Furthermore, a determination must be made that each procurement was necessary to carry out the grantee's project. In addition, grantee procurement files should be reviewed to ensure that solicitations conformed with project requirements and that the grantee made efforts to encourage small, minority-owned, women-owned and local businesses to submit bids and/or proposals.

In cases where the grantee employed non-competitive proposals or bids, the Reviewer must determine whether the procurement file contains adequate documentation justifying the use of this procurement method

that the grantee adequately monitored contractor performance and compliance.

The following represents a typical sequence of on-site procurement monitoring activities by the Reviewer:

- ◆ Ask the grantee for a copy of its written procurement policies.
- ◆ Ask the grantee to describe the manner in which the following activities take place:
  - Determining the need for the services or goods solicited
  - Preparing the bid package or RFP
  - Notifying prospective contractors, including MBEs, WBEs, small and local firms
  - Bid or RFP advertisement
  - Bid or RFP review and award
  - Determination that the proposed contractor is adequately bonded
  - Determining appropriate contract requirements and language
  - Contractor monitoring and payment
  - Approval of change orders
  - Final inspection and acceptance
  - Ensuring proper receipt of procured materials and supplies
- ◆ Review *source documentation* pertaining to bid or proposal specifications, grantee maintenance of bidders lists, bid advertisements (note: copies of invoices from newspapers serve as good source documentation), number of bidders/proposals received, criteria for selection, and any protests or appeals submitted by unsuccessful bidders.
- ◆ For small purchases, review requisitions and purchase orders or other forms of commitment to procure materials, supplies and services.
- ◆ Review contracts to confirm that they conform to Federal and State requirements. (No contract should be awarded on a cost-plus-a percentage of cost basis as this type of contract will not have a dollar maximum to which the grantee is bound.)
- ◆ Compare contract award date to DHCD approval of the grantee's Request for Release of Funds.
- ◆ Review purpose and grantee basis for approval of change orders (e.g., did the contractor bid low and then request price adjustments due to "unexpected occurrences"?).
- ◆ Review dates and contents of grantee site inspections.
- ◆ Compare dates of grantee site reviews to contractor payment dates to ensure payments were based on actual contractor progress and compliance.
- ◆ Make on-site inspection of work to confirm actual work progress.
- ◆ For professional services contracts, review file to confirm that it contains copies of plans, appraisal reports, audits, or other products obtained.
- ◆ Spot check grantee offices and project site locations to confirm that materials and supplies procured were actually delivered and

C. PROCUREMENT AND BONDING REQUIREMENTS

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b> (24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<b>GENERAL PROCUREMENT POLICIES AND PROCEDURES</b>			
<p><i>Citation 24 CFR 85.36(c)(3): requires grantees to have written selection procedures for procurement transactions. These can be specific to particular procurements, but it is best to have general written policies governing all procurements.</i></p> <p>1. <b>Written Procurement Policies and Procedures:</b> Does the grantee have written policy and procedural guidelines for employees who are responsible for or engage in procurement?</p>	<p>Yes    No</p>		<p>If no general written policies, describe the grantee's approach to ensuring consistent procurement standards:</p>
<p><i>Citation: 24 CFR 85.36(b)(3): Requires grantees to have a written code of standards covering employees involved in the award and/or administration of contracts.</i></p> <p>2. <b>Code of Standards:</b> Do the written guidelines address the need for employees to avoid both real and apparent conflicts of interest?</p> <p style="margin-left: 40px;">Do the written guidelines specify standards of behavior and sanctions for violations of those standards?</p>	<p>Yes    No</p> <p>Yes    No</p>		

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<p><b><i>Citation: 24 CFR 85.36(b)(4)-(b)(8): Requires grantees to have internal procurement review procedures to avoid purchase of unnecessary or duplicative items, and to encourage greater economies.</i></b></p> <p><b>3. Procurement Review Procedures:</b> Are the grantee's procurement procedures adequate to ensure the following:</p> <ul style="list-style-type: none"> <li>- Avoid unnecessary, duplicative, or ineligible purchases?      Yes      No</li> <li>- Encourage use of Federal excess and surplus property, and local intergovernmental agreements for procurement of common goods or services?      Yes      No</li> <li>- Foster use of value engineering clauses in construction contracts?      Yes      No</li> <li>- Achieve favorable prices for goods and services without sacrificing needed quality?      Yes      No</li> <li>- Make purchases on the basis of maximum open and free competition?      Yes      No</li> <li>- Address equal employment opportunity and Section 3 objectives in the procurement processes?      Yes      No</li> <li>- Secure adequate bonding and insurance to protect the interest of the grantee, State and Federal government?      Yes      No</li> <li>- Make awards only to responsible contractors possessing the ability to perform successfully?      Yes      No</li> </ul>			
<p><b><i>Citation: 24 CFR 85.36(f): Requires a cost and price analysis of every procurement, with the method and degree of analysis dependent on the size and complexity of each procurement situation.</i></b></p> <p><b>4. Cost and Price Analysis:</b> Does the grantee perform a cost and price analysis for every procurement action, including contract modifications?      Yes      No</p>	<p style="text-align: center;">Yes      No</p>	<p style="text-align: center;">Yes      No</p>	

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<p><b>Citation: 24 CFR 85.36(b)(9): Grantees must maintain records sufficient to document the history of a procurement.</b></p> <p>5. <b>Documentation of Procurement Actions:</b> Does the grantee maintain adequate records to document the history of its procurements, including rationale for method of procurement, selection of contract type, contractor selection or rejection, and basis for contract price?</p> <p><i>Note: The Reviewer may want to complete the following sections of this checklist before responding to this question.</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<b>REVIEW OF PROCUREMENTS UTILIZING COMPETITIVE SEALED BIDS</b>			
<p><b>Citation: 24 CFR 85.36(d)(2): Describes requirements for sealed bid procurements</b></p> <p>1. <b>Minimum Bidder Qualifications:</b> Does the Invitation for Bids (IFB) specify clearly the minimum qualifications that must be met in order for a bidder to be considered (e.g., length of time in business, experience doing comparable work, etc.)?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>2. <b>Description of Items or Services:</b> Did the IFB clearly describe the items or services to be purchased, without reference to specific brand requirements (unless the brand was used as an example of functional or quality requirements)?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>																																								
<p>3. <b>Provisions in the IFB:</b> Did the IFB include appropriate provisions relating to:</p> <ul style="list-style-type: none"> <li>- Bonding?</li> <li>- Retainage?</li> <li>- Equal opportunity and Section 3? (see Chapter Nine – FHEO)</li> <li>- Labor standards? (see Chapter Ten – Labor Standards)</li> <li>- Corporate registration and tax payments?</li> <li>- Non-collusion?</li> <li>- Anti-bribery and kickbacks?</li> <li>- Debarment?</li> <li>- Other provisions (specify):</li> </ul>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> </table>	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> </table>	Yes	No																			
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<p><b>Citation: 24 CFR 85.36(d)(2)(ii)(A): Requires that invitations to bid be publicly advertised.</b></p> <p>4. <b>Publication:</b> Were IFBs over the applicable “small purchase” threshold advertised in a publication of general circulation, as well as in minority newspapers?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>List publications and dates:</p>																																				
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<p>5. <b>Outreach:</b> Were reasonable efforts were made to identify firms that might be interested and qualified to bid on the proposed contract?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>Briefly describe outreach efforts:</p>																																				
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<p><b>Citation: 24 CFR 85.36(e): Requires grantees to affirmatively market the procurement and undertake outreach to small businesses, MBE/WBE firms, and labor surplus area firms.</b></p> <p>6. <b>Equal Opportunity:</b> Were reasonable outreach efforts made to qualified MBEs, WBEs, small businesses, and local businesses to interest them in bidding on the proposed contract?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>Briefly describe efforts:</p>																																				
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<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
7. How many invitations to bid were sent out?		_____	
8. Was a distribution list on file?	Yes    No	Yes    No	
9. Was documentation of the bidders' statements required?	Yes    No	Yes    No	
10. <b>System for Reviewing Bids:</b> Was there a clearly delineated evaluation or scoring system?	Yes    No	Yes    No	
11. Were bids held in confidentiality until bid opening?	Yes    No	Yes    No	If "No", please explain:
12. How many bids were submitted?		_____	
13. <b>Opening of Bids:</b> Was a public meeting held to open bids at the time and place stated in the IFB?  Date of bid opening: _____	Yes    No	Yes    No	
14. Was signed documentation returned by bidders (and included in the contract of the selected firm)?	Yes    No	Yes    No	
15. Were references of bidders checked?	Yes    No	Yes    No	
16. <b>Contractor Eligibility:</b> Did the grantee obtain verification of contractor eligibility prior to awarding the contract?  Date of verification: _____	Yes    No	Yes    No	
17. <b>Contract Award:</b> Was the contract awarded to the lowest responsive and responsible bidder?	Yes    No	Yes    No	If "No", describe basis for award:

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>18. (If applicable) Was a pre-construction conference held?</p> <p style="text-align: center;">If "Yes", date of conference: _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", please explain:</p>
<p>19. (If applicable) Are the minutes from the pre-conference conference on file? <i>(Note: also see Chapter Nine – FHEO, and Chapter Ten – Labor Standards)</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>20. <b>Contractor Monitoring:</b> Is there evidence that the grantee monitored contractor progress after contract approval? <i>(Note: see also Chapter Nine – FHEO, and Chapter Ten – Labor Standards)</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>21. <b>Contractor Payments:</b> Is there a contractor payment review procedure to assure that payments to contractors are based on work completed?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>Briefly describe procedure:</p>
<b>REVIEW OF PROCUREMENTS UTILIZING COMPETITIVE PROPOSALS</b>			
<p><b>Citation: 24 CFR 85.36(d)(3): Specifies the standards and procedures for procurements using competitive proposals.</b></p>			<p>If "no", explain:</p>
<p>1. Did the grantee prepare a formal Request for Proposals when using this procurement method?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>2. <b>Description of Items or Services:</b> Did the RFP clearly describe the items or services being procured?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>3. <b>Qualifications of Offerors; Evaluation System:</b> Did the RFP specify clearly the minimum qualifications that must be met in order for a proposer to be considered, as well as all significant evaluation factors and a scoring system (including price and its relative importance)?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>																																				
<p>4. <b>Provisions of RFP:</b> Did the RFP include appropriate provisions relative to:</p> <ul style="list-style-type: none"> <li>- Bonding?</li> <li>- Retainage?</li> <li>- Equal opportunity and Section 3 (see Chapter Nine – FHEO)?</li> <li>- Labor Standards (see Chapter Ten – Labor Standards)?</li> <li>- Corporate registration and tax payment?</li> <li>- Non-collusion?</li> <li>- Anti-bribery and kickback?</li> <li>- Debarment?</li> <li>- Other provisions? (specify):</li> </ul>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> </table>	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> <tr><td>Yes</td><td>No</td></tr> </table>	Yes	No																	
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<p>5. Was documentation required with proposals?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No																																	
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<p><b>Citation: 24 CFR 85.36(d)(3)(i): Requires that requests for proposals be “publicized”.</b></p> <p>6. <b>Publication:</b> Was the RFP adequately publicized?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>Describe process of “publicizing” RFP:</p>																																
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<p>7. <b>Outreach:</b> Were reasonable efforts made to identify firms that might be qualified to interest them in submitting a proposal for the contract?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>Briefly describe outreach efforts:</p>																																
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<p><b>Citation: 24 CFR 85.36(e): Requires grantees to affirmatively market the RFP and to conduct outreach to small businesses, MBEs, WBEs, and local firms.</b></p> <p>8. <b>Equal Opportunity:</b> Were reasonable efforts made to interest qualified MBEs, WBEs, small businesses and local businesses in submitting a proposal for the contract?</p>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Yes</td><td style="width: 50%;">No</td></tr> </table>	Yes	No	<p>Briefly describe outreach efforts:</p>																																
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9. How many invitations to bid were sent out?		_____	
10. Was a distribution list on file?	Yes    No	Yes    No	
11. How many proposals were submitted to the grantee?:		_____	
12. Were the signed documents returned by offerors, and were references checked?	Yes    No	Yes    No	
13. Were all proposals held in confidentiality until final award of the contract?	Yes    No	Yes    No	
<p><b>Citation: 24 CFR 85.36(d)(3)(iii) and (iv): Competitive proposal procurement requires grantee to identify all evaluation factors and their relative importance (i.e. prior comparable experience, price, proposed approach to the problem, etc), and to award the contract in accordance with the selection criteria.</b></p> <p>14. <b>Contract Award:</b> Does the procurement file contain supporting documentation that indicates the contract was awarded in accordance with the established selection criteria?</p>	Yes    No	Yes    No	<p>If "No", please explain basis of award:</p>
15. <b>Contractor Monitoring and Payment:</b> Is there a contractor payment review procedure in place to ensure payments to contractors are based on work completed?	Yes    No	Yes    No	<p>Briefly describe procedure:</p>

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<b>REVIEW OF "SMALL PURCHASE" PROCUREMENTS</b>			
<p><b>Citation: 24 CFR 85.36(d)(1): Specifies the Federal standards for procurements that do not cost more than the "simplified acquisition threshold" (currently set at \$100,000). Note, however, that the locality or State can set a lower threshold that will affect the circumstances in which these "simplified" procedures can be followed.</b></p> <p>1. <b>Purchase Necessary?:</b> Did the grantee determine that the purchase was necessary to carry out the approved Maryland CDBG project?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>As appropriate, describe how determination made:</p>
<p>2. <b>Specifications:</b> Were specifications delineated clearly and to every vendor?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>Citation: 24 CFR 85.36(d)(1): For small purchases, price quotes are required to be secured from "an adequate number" of qualified sources.</b></p> <p>3. <b>Price Quotes:</b> At a minimum, were price quotations solicited from at least two, but preferably three or more vendors?</p> <p style="padding-left: 40px;">Number of price quotations received: _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>4. <b>Award:</b> Was a purchase order/contract issued to the most advantageous vendor in terms of price and other factors considered?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>5. Were these factors described to vendors?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>Describe factors:</p>
<p>6. <b>Verify Receipt?:</b> Did the grantee verify the receipt of goods?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;"><b>Sample Procurement or Contract</b></p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;"><b>Amount:</b></p> <p>\$ _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>REVIEW OF NON-COMPETITIVE PROPOSALS</b>			
<p><b>Citation: 24 CFR 85.36(d)(4): Specifies the Federal standards for non-competitive procurements.</b></p> <p>1. <b>Reason for Sole Source:</b> Was the desired item or service either only available from one source, or necessary to meet a public emergency?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>If "Yes", describe grantee's basis for this determination:</p>
<p>2. <b>Documentation of Emergency:</b> If purchased to meet an emergency, was there documentation of the public emergency?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>Describe nature of emergency and how documented:</p>
<p>3. If not an emergency, was competition determined to be inadequate after a number of sources had been solicited?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>Explain:</p>
<p>4. <b>Written Documentation of Basis:</b> Did the grantee make a written determination that indicates the basis for the sole source determination?</p> <p style="padding-left: 40px;">Did the grantee consult with DHCD in making this determination?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	
<p>5. <b>Verify Receipt?:</b> Did the grantee verify receipt of the goods and services as specified?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PROCUREMENT &amp; BONDING CHECKLIST</b></p> <p style="text-align: center;">(24 CFR 85.36, last revised 3/11/88, 4/19/95)</p>	<p style="text-align: center;">Documentation Indicates that General Program Practices Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Procurement or Contract</p> <p>Name: _____</p> <p>_____</p> <p style="text-align: center;">Amount:</p> <p>\$ _____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<b>BONDING REQUIREMENTS</b>			
<p><i>Citation: 24 CFR 85.36(h): Grantee is required to protect interests of local, State, and Federal government in all construction or facilities improvement contract and sub-contracts. 24 CFR 85.36(h)(1)-(3) also specifies minimum bonding requirements for larger construction or facilities improvement contracts.</i></p> <p><b>1. Bonding Requirements:</b> For sealed bids and competitive negotiation construction or facilities improvement contracts exceeding \$100,000:</p> <ul style="list-style-type: none"> <li>- Did the grantee secure a <b>bid guarantee</b> from each bidder equivalent to 5% of the bid price to secure a firm commitment that the bidder will, upon acceptance of his/her bid, execute contractual documents?</li> <li>- Did the grantee secure a <b>performance bond</b> on the part of the contractor for 100% of the contract price to secure fulfillment of all the contractor's contract responsibilities?</li> <li>- Did the grantee secure a <b>payment bond</b> on the part of each contractor for 100% of the contract price to assure payment of all persons supplying labor and materials?</li> </ul>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	



PROCUREMENT AND BONDING REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**  
In the space below, please note any issues arising from the on-site review. For any procurement or bonding concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided. List any follow-up action for the Maryland CDBG Program staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate procurement and bonding requirements?      Yes      No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER SIX

**ACQUISITION REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office and work sites through review of grantee policies and procedures, review of general and case files (the latter selected at random by the Reviewer), interviews of key staff and, as appropriate, inspection of properties and interviews of owners. The issues and concerns identified in this on-site review of the grantee's acquisition activities should be noted on the Acquisition Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff (or Owners) Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Acquisition issues that emerged from the completion of the in-house review reflected in Chapter One should be addressed through interviews with the local project staff or owners and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

### Additional Instructions to Monitoring Staff:

Real property acquisition requirements and procedures for grantees of the Maryland CDBG Program are those that are generally applicable to all Federally-assisted programs. Per 24 CFR 570.606, the applicable rules are set forth in **49 CFR Part 24 Subpart B**, which implements the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended. The purpose of URA includes the following:

- **For Real Property Acquisition:** to encourage and expedite the acquisition of real property by agreements with property owners, to avoid litigation and relieve congestion in the courts, to assure consistent treatment for owners, and to promote public confidence in Federal land acquisition practices.

Any project involving acquisition of real property from a private owner, and that uses CDBG funds, is subject to the URA. This is true even if the CDBG funds are funding only a portion of the activity, and even if other funds were used for the acquisition itself.

There are a variety of requirements and sequential steps that grantees must follow to comply with the spirit and the intent of URA. The acquisition compliance monitoring review is intended to assess the grantee's overall practices regarding the management of real property acquisition, and the grantee's handling of specific property acquisition cases. In particular, the Reviewer will assess grantee compliance relative to:

- Proper notification
- Careful explanation to owner of their rights under the process
- Appropriateness of offers and mechanisms for taking title or otherwise acquiring the property
- Accuracy of payments
- Timeliness of activities
- Adequacy of source documentation

Real property acquisition is a relatively rare occurrence in the projects funded by the Maryland CDBG Program, and in most projects involving acquisition only a single case is involved. However, if a project involves multiple acquisitions, the Reviewer should select an appropriate sample size based on the number of property owners affected by the project.

### IN-HOUSE REVIEW

The Reviewer should determine if project activities include real property acquisition and, if so, review Requests for Payments to determine the amounts requested for these activities. Ideally, DHCD staff contacted the grantee at the outset of the project to ensure that the grantee is familiar with URA requirements, and have provided the grantee with detailed URA guidelines as well as brochures regarding the rights of property owners. Chapter Five – Procurement and Bonding Requirements/Monitoring and Compliance DRIC/Dev  
Maryland DHCD project files and specifically note when this guidance and any other acquisition-related technical assistance were provided to the grantee.



**ON-SITE REVIEW**

The on-site review is performed to confirm that the grantee is maintaining adequate records and following proper procedures relative to compliance with the acquisition requirements spelled out in URA and 42 CFR 24. The following are activities that the Reviewer will typically conduct during the on-site review: (continued on next page)

Continued from previous page:

- Ask the grantee to describe its acquisition procedures
- Review the accuracy of grantee information regarding property owner rights
- Ensure related grantee record-keeping is complete, accurate, and secure, and a separate file established for each property owner
- Review the procurement file to ensure appraisers were selected properly (also see Chapter Five – Procurement and Bonding)
- Verify compensation paid through entries made in the grantee’s financial records (also see Chapter Four – Financial Management)
- Review methods and timing of payments
- Compare property payments made to the Fair Market Value established through the independent appraisals
- If more or less than “just compensation” was paid, ensure that the records fully document the rationale for such payments and, if appropriate, waivers were received from the property owner
- Determine if the property owner was given proper notice and an opportunity to appeal
- Determine if the property owner was left with an “uneconomic remnant”

**C. PROPERTY INFORMATION:**

*(Review case files and list basic information here)*

	Case#1	Case#2	Case #3
Address of Acquired Property?	_____	_____	_____
	_____	_____	_____
Parcel Number?	_____	_____	_____
Property Use (check if applies)?			
• Single Family Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Multi Family Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Commercial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Industrial/Farm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Non-Profit Organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Other (specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Type of Acquisition (Acquire Title, Lease, or Permanent Easement) _____	_____	_____	_____
	_____	_____	_____
Owner(s) Name and Current Address?	_____	_____	_____
	_____	_____	_____

Home/Business Telephone Number(s)? \_\_\_\_\_

C. ACQUISITION REQUIREMENTS

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<b>INITIAL NOTIFICATION</b>			
<i>Citation: 49 CFR 24.102(b), last revised 3/2/89 and 2/12/99: Owner shall be notified of grantee's interest in acquiring property at the earliest possible time and of the basic protections that will be provided to the owner.</i>			
<p>1. <b>Determination:</b> Was there an official determination to acquire the property?</p> <p>Date of determination: _____</p>	<p>Yes No</p>	<p>Yes No</p>	
<p>2. <b>Preliminary Notice:</b> Was a preliminary acquisition notice sent to the owner, indicating the grantee's interest in acquiring the property?</p> <p>Date of notice: _____</p> <p>Was this notice provided in a timely fashion, relative to the grantee determination of an interest in acquiring the property?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	
<p>3. <b>Information on Owner's Rights:</b> Is there evidence that the property owner was provided with adequate information on his/her rights under URA at the time of the notice, including appropriate written information (e.g., HUD information booklet explaining basic URA acquisition protections)?</p>	<p>Yes No</p>	<p>Yes No</p>	
<b>DETERMINATION OF FAIR MARKET VALUE</b>			

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<p><i>Citations: 49 CFR 24.102 and 49 CFR 24.103 (last revised 3/2/89, 7/27/92, 11/9/92, 2/12/99): Appraisals are required for properties valued above \$2,500 (unless donation). Regulations provide basic appraisal standards and criteria for appraisal review.</i></p> <p><b>4. Appraisal:</b> Was an independent appraisal(s) done to establish the fair market value of the property?</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Note if more than one appraisal was conducted, and the reasons why:</p>
<p><b>5. Selection of Appraiser:</b> Were qualified, independent appraisers selected by the grantee through a competitive procurement process?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>6. Invitation to Owner:</b> Is there evidence that the owner (or the owner's designated representative) was given an opportunity to accompany the appraiser(s) during the inspection of the property?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>7. Acceptable Appraisals:</b> Is each appraiser's analysis and determination of the highest and best use of the property acceptable?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>8. Comparables:</b> Are the comparable sales and other documentation in the appraisal(s) adequate to determine fair market value?</p> <p>Is each appraiser's analysis of the data and reasoning sound?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	
<p><b>9. Appraisal Review:</b> Did a qualified reviewing appraiser review all appraisals to assure that they met applicable appraisal requirements (and sought necessary corrections prior to acceptance where appropriate)?</p> <p><i>See 42 CFR 24.104</i></p>	<p>Yes No</p>	<p>Yes No</p>	



ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<p><b>13. Content of Offer:</b> Did the written offer to acquire the property include:</p> <p>13.1 An offer of no less than the approved appraisal's recommended fair market value?</p> <p>13.2 A description and location of the property and the interest in the real property to be acquired?</p> <p>13.3 Identification of the buildings, structures and other improvements considered to be part of the property?</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<p><b>14. Negotiation:</b> Is there documentation of sale negotiation?</p> <p>If "Yes", does the evidence show that the owner was given reasonable opportunity to consider the offer and to suggest modifications to the terms and conditions of the purchase?</p> <p>If the owner suggested modifications, did the grantee consider these suggestions and update its offer?</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<p><b>15. Acceptance:</b> Did the owner accept the offer?</p> <p>Date of owner's acceptance of offer: _____</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>16. Contract of Sale:</b> Is there a negotiated purchase agreement?</p> <p>Date of executed negotiated purchase agreement: _____</p>	<p>Yes No</p>	<p>Yes No</p>	

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
17. <b>Title Vested:</b> Is there documentation that title to the property was vested in the grantee?	Yes No	Yes No	
18. <b>Expeditious Acquisition:</b> Did the grantee make every reasonable effort to acquire the real property expeditiously through negotiation?	Yes No	Yes No	
<b>EMIINENT DOMAIN AND CONDEMNATION PROCEEDINGS</b>			
<p><i>Citation: 49 CFR 24.102(l) – last revised 3/2/89, 2/12/99: Requires that formal condemnation proceedings be instituted if acquiring by eminent domain.</i></p> <p>19. <b>Condemnation Proceedings:</b> If applicable, does the grantee's documentation include the date that the condemnation proceeding was instituted?</p> <p>Date condemnation proceedings instituted: _____</p>	Yes No	Yes No	
20. <b>Deposit:</b> If acquisition was by condemnation, did the grantee deposit the fair market value of property with the court?	Yes No	Yes No	

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<p><b>21. Additional Eminent Domain Documentation:</b> In cases involving eminent domain did the file contain:</p> <p>21.1 Legislative body authorizing resolution?</p> <p>21.2 A copy of the petition of the court?</p> <p>21.3 A copy of the court judgement?</p> <p>21.4 A copy of any appeal or payment for incidental or litigation expenses?</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<b>PAYMENT FOR ACQUISITION</b>			

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<p><i>Citations: 49 CFR 24.102(j) and 49 CFR 24.106: Require payment of agreed compensation amount and all reasonable expenses to owner prior to requiring surrender of property.</i></p> <p><b>22. Payment:</b> Did the owner receive the amount determined to be just compensation for his/her property prior to surrendering the property?</p> <p>If the final acquisition price for the property exceeded the amount offered as just compensation, does the file provide evidence that the final price was reasonable, prudent, and in the public interest?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	
<p><b>23. Settlement Costs:</b> Was a statement of settlement costs in the file?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>24. Payment of Reasonable Expenses:</b> Did the grantee pay all required settlement costs?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>25. Proof of Payment:</b> Is there proof of payment (e.g. cancelled checks, etc.)?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>26. Recorded Deed:</b> Is there proof in the file that the deed was properly recorded?</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>27. Fair Rent:</b> If the grantee permitted an owner or tenant to occupy the acquired property, was the rent charged equivalent to the fair rental value of the property?</p>	<p>Yes No</p>	<p>Yes No</p>	

ACQUISITION CHECKLIST	Documentation Indicates General Program Practice Consistent with Acquisition Requirements?	Case # _____	Comments and Description of Documentation or Issues:
<b>28. Termination:</b> If acquisition was terminated, did the owner receive a Notice of Intent Not to Acquire?	Yes    No	Yes    No	
<b>DONATED REAL PROPERTY</b>			
<p><b>Citation:</b> 49 CFR 24.102(c): Requirement for appraisal may be waived in case of donation of real property. [Note: If case is not a donation write "N/A" or "Not Applicable" for this set of questions.]</p> <p><b>Waiver:</b> For donated property, is there Waiver of Benefits that includes:</p> <p>29.1 Property description?</p> <p>29.2 Evidence that fair market value was established properly?</p> <p>29.3 Signature of the Waiver?</p>	<p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p>	<p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p>	

ACQUISITION REQUIREMENTS

**SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW**

**Instructions to Monitoring Staff:**

In the space below, please notes any issues arising from the on-site review of the grantee's acquisition procedures and activities. For any concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions that the grantee must take to resolve issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate acquisition requirements?      Yes      No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER SEVEN

**RELOCATION REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted “on-site” at the local program office and work sites through review of grantee policies and procedures, review of general and case files (the latter selected at random by the Reviewer), interviews of key staff, and as appropriate inspection of properties and interviews of any displaced persons or business owners. The issues and concerns identified in this on-site review of the grantee’s relocation activities should be noted on the Relocation Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:** \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff (or Displaced Persons) Interviewed:**

Name:	Title (if applicable):	Location/Address:	Date of Interview:	Telephone #/e-mail:
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Relocation issues that emerged from the completion of the in-house review reflected in Chapter One should be addressed through interviews with the local project staff or displaced persons and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____

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### **Additional Instructions to Monitoring Staff:**

Anti-displacement and relocation requirements and procedures for grantees of the Maryland CDBG Program include those that are generally applicable to all Federally-assisted programs. Per 24 CFR 570.488, the applicable rules are set forth in 24 CFR 570.606 and 24 CFR Part 42, which contains regulations for implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended. The overall purposes of the Federal requirements in URA and in Section 104(d) of the Housing and Community Development Act of 1974 (the “Act”), as amended, include the following:

- To assure that grantees have taken all reasonable steps to minimize displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in activities undertaken in whole or in part with Federal funds;
- To ensure that grantees establish and follow a uniform policy for the fair and equitable treatment of persons displaced as a result of Federal or Federally-assisted programs in order that such persons do not suffer disproportionate injuries as a result of programs designed for the benefit of the public as a whole; and
- To guarantee the one-for-one replacement of occupied or occupiable lower-income dwelling units demolished or converted to another use as part of the funded activity or project.

It is important to note that any project involving displacement or relocation, and that uses CDBG funds, is subject to these requirements. This is true even if the CDBG funds are financing only a portion of the activity or project.

There are a variety of requirements and sequential steps that grantees must follow to comply with the spirit and intent of URA and Section 104(d) of the Act. The relocation compliance monitoring review is intended to assess the grantee’s overall anti-displacement practices, and the grantee’s handling of specific relocation cases. In particular, the Reviewer will assess grantee compliance relative to:

- Proper notification
- Careful explanation of the rights of those subject to relocation and of the forms of assistance available
- Accuracy of payments
- Timeliness of activities
- Adequacy of replacement housing
- Adequacy of source documentation
- Evidence that assurances about the availability of housing and non-discrimination have been matched by actual administrative practices

Relocation is a relatively rare occurrence in the projects funded by the Maryland CDBG Program. However, if a project involves instances of relocation, the Reviewer should select an appropriate sample size for review based on the number of relocation cases resulting from the project.

IN-HOUSE REVIEW

DHCD monitoring staff should review the approved project application and Grant Agreement (including any amendments) to determine if project activities were expected to result in relocation and/or demolition or conversion of occupied or occupiable lower-income dwelling units. For projects that are expected to result in these situations, the grantee's Requests for Payment should be reviewed to determine the amounts requested for such activities. If the grantee submitted a copy of its Anti-displacement Plan (mandated by Exhibit D of the Grant Agreement) to DHCD, this document should be reviewed. The Reviewer should also examine project correspondence and progress reports to determine if there is any other evidence suggesting that the project might entail displacement, relocation, or loss of occupied or occupiable lower-income dwelling units.

Ideally, for projects that were expected to involve relocation or replacement housing, DHCD staff have contacted the grantee at the outset of the project to ensure that the grantee is familiar with applicable requirements; DHCD staff also should have provided the grantee with detailed URA guidelines as well as brochures outlining the rights of persons subject to relocation. Prior to the on-site monitoring visit, the Reviewer should review the DHCD project files and specifically note when this guidance and any other relocation-related technical assistance was provided to the grantee.

#### ON-SITE REVIEW

The on-site review is performed to confirm that the grantee is maintaining adequate records and following proper procedures relative to compliance with the anti-displacement and relocation requirements spelled out in 24 CFR 570.606 and 24 CFR Part 42. The following are activities that the Reviewer will typically conduct during the on-site review:

- Review the grantee's Anti-displacement Plan (if it was not already examined as part of the in-house review)
- Ask the grantee to describe its anti-displacement and relocation procedures, particularly procedures to assist persons displaced, and determine if these are consistent with the written Anti-displacement Plan
- Review the accuracy of grantee information regarding the rights of persons subject to relocation and the assistance available to them
- Ensure related grantee record-keeping is complete, accurate, and secure, and that a separate file was established for each relocatee
- Verify relocation payments made through entries made in the grantee's financial records (also see Chapter Four – Financial Management), and ensure that they are consistent with approved relocation claims
- Review methods and timing of payments

C. RELOCATION REQUIREMENTS

<p style="text-align: center;">RELOCATION CHECKLIST</p>	<p style="text-align: center;">Documentation Indicates General Program Practice Consistent with Relocation Requirements?</p>	<p style="text-align: center;">Case # _____</p>	<p style="text-align: right;">Comments:</p>
<b>ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN</b>			
<p><i>Citation: 24 CFR 42.325 (last revised 10/3/96): Requires grantees to have in effect and follow a residential anti-displacement and relocation assistance plan.</i></p>			
<p><b>1. Written Anti-displacement and Relocation Assistance Plan:</b> Has the grantee developed a written anti-displacement and relocation assistance plan that:</p> <ul style="list-style-type: none"> <li>▪ Indicates the steps that will be taken to minimize the displacement of families and individuals from their homes and neighborhoods as a result of any assisted activities?</li> <li>▪ Provides for relocation assistance in accordance with the provisions in 24 CFR 42.350?</li> <li>▪ Provides one-for-one replacement dwelling units as required by 24 CFR 42.375?</li> </ul>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>		
<p><b>2. Displacement Anticipated:</b> Is displacement anticipated, or has it occurred, in connection with the project being funded through the Maryland CDBG Program?</p> <p>If "Yes", continue.</p> <p>If "No", go to page 10 and complete the questions concerning One-for-One Replacement Housing, as applicable.</p>	<p style="text-align: center;">Yes    No</p>		
<p><b>3. Individual Relocation Case Files:</b> Is there a relocation file for each displacee?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<h1>RELOCATION CHECKLIST</h1>		<b>Documentation Indicates General Program Practice Consistent with Relocation Requirements?</b>	<b>Case #</b> _____	<b>Comments:</b>
<b>CHARACTERISTICS OF DISPLACED PERSONS: For monitoring individual relocation case files, first indicate the characteristics of the relocatees, using the check-off boxes in the following row; then complete the remaining sections of the Checklist, as relevant.</b>				
Occupant Characteristics: <input type="checkbox"/> Owner <input type="checkbox"/> Tenant	Residential <input type="checkbox"/> Family <input type="checkbox"/> Individual Household composition Adults: _____ Children: _____ Total: _____	Head of Household <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Under 65 years <input type="checkbox"/> 65 years or older	Nonresidential <input type="checkbox"/> Business <input type="checkbox"/> Farm <input type="checkbox"/> Nonprofit <input type="checkbox"/> Business reestablished <input type="checkbox"/> Business discontinued	Racial/Ethnic Data <input type="checkbox"/> Alaskan Native or American Indian <input type="checkbox"/> Asian or Pacific Islander <input type="checkbox"/> Black <input type="checkbox"/> Hispanic <input type="checkbox"/> White <input type="checkbox"/> Other
<b>GENERAL FILES (ALL RELOCATION CASES)</b>				
<b>1. Date of Submission for Financial Assistance/Site Control:</b> Does the relocation file contain information regarding the date of submission for financial assistance, or date of site control, if later?  Date: _____		Yes    No	Yes    No	
<b>2. General Information Notice:</b> Does the relocation file contain information on the date of the written general information notice?  Date: _____  Did the general information notice include the pertinent HUD information booklets, or the equivalent?		Yes    No	Yes    No	
See 49 CFR 24.203  <b>3. Initial Negotiations:</b> Does the relocation file specify the date of "initiation of negotiations"?  Date: _____  See 24 CFR 570.606(b)(3)		Yes    No	Yes    No	

<p style="text-align: center;"><b>RELOCATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Relocation Requirements?</b></p>	<p style="text-align: center;"><b>Case #</b> _____</p>	<p style="text-align: right;"><b>Comments:</b></p>
<p><b>4. Notice of Eligibility for Relocation Assistance:</b> Does the relocation file contain the notice of eligibility for relocation assistance?</p> <p style="padding-left: 40px;">Date of eligibility notice: _____</p> <p><b>See 49 CFR 24.203(b)</b></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>5. Initial Face-to-Face Contact:</b> Does the relocation file contain documentation concerning the initial face-to-face contact made to determine the person's relocation needs and preferences, and to explain the person's rights and options (including right to appeal)?</p> <p style="padding-left: 40px;">Date of initial contact: _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>6. Assistance Options:</b> Does the relocation file indicate that the grantee adequately explained assistance options, including receiving assistance either under:</p> <ul style="list-style-type: none"> <li>▪ URA and the implementing regulations at 49 CFR Part 24, including payments for moving and related expenses and replacement housing payments, or</li> <li>▪ Section 104(d) of the HCD Act of 1974, including advisory services, moving expenses, security deposits and credit checks, interim living costs, and replacement housing assistance?</li> </ul> <p><b>See 24 CFR 42.350</b></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<p><b>7. 90-Day Notice:</b> Was a 90-day notice issued indicating the earliest date by which the affected person might be required to move?</p> <p>Date of 90-day notice: _____</p> <p>(If applicable) Did the notice indicate that the occupant would not be required to move earlier than 90 days after a suitable replacement dwelling was made available?</p>	<p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p>	<p>Note: If the grantee determined that “urgent need” made the 90-day notice impractical, describe the grantee’s documentation for this determination (see 49 CFR 24.203(c)(4)).</p>
<p><b>See 49 CFR 24.203 (c) and 49 CFR 24.204</b></p>			
<p><b>8. Vacate Notice:</b> Was a vacate notice issued?</p> <p>Date of vacate notice: _____</p>	<p>Yes No</p>	<p>Yes No</p>	
<p><b>9. Payment for Moving and Related Expenses:</b> Were moving and/or related expenses paid to the person displaced?</p> <p>(If “Yes”: for individual case reviews, check one of the boxes and indicate amount below)</p> <p><input type="checkbox"/> Actual Expenses</p> <p><input type="checkbox"/> Alternative Allowance</p> <p>Amount of payments: _____</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Check grantee’s computation. If incorrect, explain:</p>
<p><b>10. Payment for Reestablishment Expenses (if applicable):</b> Were reestablishment payments made to the person displaced?</p> <p>(If “Yes”, for individual case reviews, indicate the amount below)</p> <p>Amount of payments: _____</p>	<p>Yes No</p>	<p>Yes No</p>	<p>Check grantee’s computation. If incorrect, explain:</p>
<p><b>11. Evidence of Payments Made:</b> Did the relocation file contain clear documentation (e.g., cancelled checks) that the specified payments were made?</p>	<p>Yes No</p>	<p>Yes No</p>	

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<b>12. Discrimination:</b> Is there any evidence of discrimination in the relocation process?	Yes    No	Yes    No	If "Yes", provide (or attach) explanation:
<b>13. Inappropriate Denial of Assistance or Due Process:</b> Is there any evidence that any person was inappropriately denied relocation assistance, or denied the right of due process (including right to appeal grantee's determinations)?	Yes    No	Yes    No	If "Yes", provide (or attach) explanation:
<b>REPLACEMENT HOUSING ASSISTANCE (RESIDENTIAL CASES ONLY)</b>			
<b>1. Notice of Comparable Replacement Dwelling (CRD):</b> Does the relocation file contain a notice relative to the specific comparable replacement dwelling?  Date of CRD notice: _____	Yes    No	Yes    No	
<b>2. Limit of Replacement Housing Payment:</b> Does the relocation file contain: <ul style="list-style-type: none"> <li>▪ The price/rent used for establishing the upper limit of the replacement housing payment?</li> <li>▪ The cost of CRD monthly rent/utility costs (MRU), or proposed sales price used to establish the replacement housing payment?</li> </ul>	Yes    No  Yes    No	Yes    No  Yes    No	
<b>3. Referrals to Comparable Replacement Housing:</b> Does the relocation file document that the grantee made referrals to comparable or suitable, decent, safe and sanitary replacement housing?  (For individual case review) Number of referrals made: _____	Yes    No	Yes    No	

<p style="text-align: center;"><b>RELOCATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Relocation Requirements?</b></p>	<p style="text-align: center;"><b>Case #</b> _____</p>	<p style="text-align: right;"><b>Comments:</b></p>
<p><b>4. Grantee Determination of Suitability of Replacement Dwelling:</b> Does the relocation file contain documentation regarding the date on which the grantee determined that the replacement dwelling was decent, safe, and sanitary?</p> <p style="margin-left: 40px;">Date of determination of replacement dwelling's condition: _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>5. Cost of Replacement Dwelling:</b> Does the relocation file indicate the cost of the replacement dwelling (MRU or sale price)?</p> <p style="margin-left: 40px;">If "Yes", for individual case review indicate Cost: \$ _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>6. Cost of Displacement Dwelling:</b> Does the relocation file indicate the cost of the displacement dwelling (MRU or "acquisition cost")</p> <p style="margin-left: 40px;">If "Yes", for individual case review indicate Cost: \$ _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>7. Ability to Pay:</b> Does the relocation file document the displaced person's ability to pay for a portion of the costs of the replacement dwelling?</p> <p style="margin-left: 40px;">(If "Yes", for individual case review check one of boxes and indicate amount in the space below:)</p> <p style="margin-left: 40px;"><input type="checkbox"/> Total Tenant Payment (TTP)</p> <p style="margin-left: 40px;"><input type="checkbox"/> 30% of gross income</p> <p style="margin-left: 40px;">Amount: \$ _____</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<p><b>8. Claim Filed:</b> Does the relocation file include the claim that was filed for the replacement dwelling payment?</p> <p>If "Yes", for individual case review provide:</p> <p>Date of claim: _____</p> <p>Amount of claim: \$ _____</p>	<p>Yes    No</p>	<p>Yes    No</p>	
<p><b>9. Payment of Claim:</b> Does the relocation file include documentation that the replacement dwelling claim was paid?</p> <p>If "Yes", for individual case review provide:</p> <p>Date of payment:</p> <p>Amount of payment: \$ _____</p>	<p>Yes    No</p>	<p>Yes    No</p>	
<p><b>10. Reviewer's Opinion:</b> Was the amount of the replacement housing payment accurate and appropriate?</p>	<p>Yes    No</p>	<p>Yes    No</p>	<p>Document any errors in replacement dwelling payment:</p>

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<b>ONE-FOR-ONE REPLACEMENT HOUSING</b>			
<p>Citation: 24 CFR 42.375 (last revised 10/3/96): Requires grantee to replace with comparable lower income dwelling units any occupied or occupiable lower-income dwelling units that are demolished or converted in connection with an assisted activity.</p> <p><b>1. Dwelling Units Demolished or Converted: Has the grantee demolished or converted occupied or occupiable lower income dwelling units in connection with the project?</b></p> <p><b>If "Yes", complete questions #2 and #3.</b></p>	<p>Yes    No</p>		

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<p><b>2. Replacement Units:</b> Has the grantee replaced the lower income occupied or occupiable units lost through demolition or conversion with lower income dwelling units that:</p> <ul style="list-style-type: none"> <li>▪ Are located within the grantee's jurisdiction?</li> <li>▪ Are sufficient in number and size to house no fewer than the number of occupants who could have been housed in the units that were demolished or converted?</li> <li>▪ Were provided in standard condition?</li> <li>▪ Were made available at any time during the period beginning one year before the grantee made public its intent to demolish/convert the affected units and ending three years following the commencement of the demolition or conversion?</li> <li>▪ Are designed to remain lower-income units for at least 10 years from the date of initial occupancy as replacement units?</li> </ul> <p>Note: One-for-one replacement is not required if the HUD field office determines that there is an adequate local supply of vacant lower income dwelling units available in standard condition and on a nondiscriminatory basis (see 24 CFR 42.375(d))</p>	<p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p>		

RELOCATION CHECKLIST	Documentation Indicates General Program Practice Consistent with Relocation Requirements?	Case # _____	Comments:
<p><b>3. Preliminary Information to be Made Public:</b> Before entering a contract to provide funds for an activity that will directly or indirectly result in the demolition or conversion of occupied or occupiable lower income dwelling units, did the grantee make public, and submit in writing to DHCD, the following information:</p> <ul style="list-style-type: none"> <li>▪ A description of the proposed assisted activity?</li> <li>▪ The location (on a map) and number of lower income dwelling units by size to be demolished or converted?</li> <li>▪ A time schedule for the commencement and completion of the demolition or conversion?</li> <li>▪ The location (on a map) and number of lower income dwelling units by size that will be provided as replacement units?</li> <li>▪ The source of funding and time schedule for providing the replacement units?</li> <li>▪ The basis for concluding that the replacement units will remain as lower income dwelling units for a period of at least 10 years from initial occupancy?</li> <li>▪ Information demonstrating that any proposed replacement of dwelling units by smaller units (e.g., replacing a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of lower-income households in the jurisdiction?</li> </ul>	<p>Yes No</p>		

RELOCATION REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

In the space below, please notes any issues arising from the on-site review of the grantee's relocation procedures and activities. For any concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions that the grantee must take to resolve issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with relevant anti-displacement and relocation requirements, and have its practices been consistent with the grantee's written Anti-displacement and Relocation Assistance Plan?                      Yes      No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER EIGHT

**PROPERTY MANAGEMENT REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office through review of grantee policies and procedures, review of general files, inspection of case files selected at random by the Reviewer, and finally, through interviews of key staff. The issues and concerns identified in this on-site review of the grantee's property management policies and procedures should be noted on the Property Management Requirements -- Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review :** \_\_\_\_\_  
\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_

Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

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**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Property Management issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. The specified issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



Additional Instructions to Monitoring Staff:

## PROPERTY MANAGEMENT

There must be an accounting for property acquired with CDBG monies in accordance with the provisions of 24 CFR 85.31- 85.34 for governmental entities (or 24 CFR 84.32-84.37 for their nonprofit subrecipients), 24 CFR 570.505 and Maryland CDBG Program requirements. The requirements vary somewhat depending on the nature and value of the property. There are two broad classifications of property that may be acquired with CDBG monies. These classifications are as follows:

- Real Property – land, including land improvements, structures and appurtenances; and,
- Personal Property – includes all property not classified as real property, such as desks, typewriters, computers, tools or intangible items. “Intangible items” include patents, inventions, and copyrights.

For the purpose of the Federal regulations at 24 CFR 85, **personal property** is further classified according to whether or not it is non-expendable, having a useful life of more than one year and an acquisition cost of \$5,000 or more. In the regulations at 24 CFR 570.505, a distinction is made in whether the **real property** has been acquired or improved in whole or in part using CDBG funds in excess of \$25,000 or not.

Title to property acquired in whole or in part with CDBG funds shall vest with the grantee as long as it is used for its authorized CDBG-eligible purpose. If property is no longer needed for the authorized CDBG purpose, the grantee must request permission from the Maryland CDBG Program to use the property, or the net proceeds of the sale of such property (that becomes program income), for other eligible community development purposes, or to make reimbursement to the State of Maryland.

DHCD’s monitoring efforts should focus on whether the grantee is maintaining effective control over all property acquired in whole or in part with Maryland CDBG funds. Furthermore, the Reviewer must assess whether the property is used for authorized CDBG purposes and is safeguarded adequately. For example, non-expendable property such as desks, copiers or computers should be reasonably protected from theft.

### IN-HOUSE REVIEW

Prior to going on-site, the Reviewer should examine the application, Grant Agreement, and progress reports to determine whether the grantee was authorized to lease, purchase or improve property with its CDBG funds, and whether the grantee has taken any such actions.

### ON-SITE REVIEW

At a minimum, the property management review shall include an analysis of the grantee’s property management control system to ensure it contains current information on the following:

- Description of the property
  - Property identifier (manufacturer's serial number, product identification number, stock number, etc.)
  - Funding source(s)
  - Designation of title
  - Acquisition date
- (Continued on next page)  
(Continued from previous page)
- Cost of acquisition
  - Quantity acquired
  - Percentage of Maryland CDBG Program financial participation in the purchase (where matching funds were used)
  - Location, use and condition of the property and the date on which this determination was made
  - Disposition date (date of disposition, sales price and basis for determining fair market value, use of disposition proceeds)

Monitoring activities during the on-site review will typically include the following:

- ◆ From a review of financial and procurement records, the Reviewer will identify property acquired with CDBG funds.
- ◆ The Reviewer will ask the grantee to describe how Maryland CDBG property assets are inventoried and controlled.
- ◆ The Reviewer will compare real and personal property listed on the grantee's property management records to items identified during the Financial Management and Procurement monitoring and compliance reviews.
- ◆ The Reviewer will spot check the grantee's offices and field sites to determine if the property inspected corresponds with the information contained in the grantee's records regarding description, location and condition.

Note that the Property Management Review will be informed by the results of the Financial Management, Acquisition, and Procurement

C. PROPERTY MANAGEMENT REQUIREMENTS

<p style="text-align: center;"><b>PROPERTY MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Applicable Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>REAL PROPERTY, EQUIPMENT, AND SUPPLIES</b>		
<p><i>General Citations: 24 CFR 85.31, 85.32, and 85.33, 24 CFR 570.505: Require that property acquired with grant funds be used for its originally authorized purposes and that grantee maintain property records including property description, serial or other identification number, source of property, who holds title, acquisition date, cost of property, location, etc.</i></p> <p>1. <b>Tracking system:</b> Does the grantee maintain a system for tracking property and other assets bought or leased with grant funds?</p> <p><i>See also 24 CFR 85.20(a) and (b)(2) relative to requirements for fiscal controls and accounting records.</i></p>	<p>Yes    No</p>	
<p>2. <b>Property Records:</b> Does the grantee maintain records for CDBG-funded equipment that provide the following:</p> <p>2.1 Description of property and property identifier?</p> <p>2.2 Funding sources and percentage of CDBG participation in purchase, lease, or improvement?</p> <p>2.3 Designation of title?</p> <p>2.4 Acquisition date and cost?</p> <p>2.5 Quantity acquired?</p> <p>2.6 Location, use and condition?</p> <p>2.7 Disposition date (if applicable)?</p> <p><i>See 24 CFR 85.32(d)(1)</i></p>	<p>Yes    No</p>	

<p style="text-align: center;"><b>PROPERTY MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Applicable Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>3. <b>Periodic Inventory:</b> Does the grantee conduct a periodic (at least once every two years) physical inventory or inspection of equipment bought or leased with grant funds?</p> <p><i>See 24 CFR 85.32(d)(2)</i></p>	<p style="text-align: center;">Yes    No</p>	
<p>4. <b>Safeguarding Property:</b> Does the grantee have control procedures in place to keep its property safe (i.e., locks, engraving portable equipment, and/or storage of such equipment in locations that are reasonably secure)?</p> <p>Does the grantee consistently investigate any instances of loss, damage or theft of such property?</p> <p><i>See 24 CFR 85.32(d)(3)</i></p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	
<p>5. <b>Maintenance of Property:</b> Does the grantee have adequate maintenance procedures in place to keep the property in good condition?</p> <p><i>See 24 CFR 85.32(d)(4)</i></p>	<p style="text-align: center;">Yes    No</p>	
<p>6. <b>Authorized Use Only:</b> Does the grantee have a system for ensuring that real property or equipment acquired or improved with grant funds is used solely for authorized purposes?</p> <p><i>See 24 CFR 85.31(b) for real property, and 24 CFR 85.32(c) for equipment</i></p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PROPERTY MANAGEMENT CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Applicable Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>7. <b>Equipment-Related Fee for Services:</b> If the grantee provides services for a fee using CDBG-acquired equipment, is the grantee in compliance with the rule prohibiting unfair competition with private companies that provide equivalent services?</p> <p><b>See 24 CFR 85.32(b)(3)</b></p>	<p style="text-align: center;">Yes    No</p>	
<p>8. <b>Change of Use:</b> If the grantee changed the use of property, did it follow the proper procedures in initiating such changes and receive the prior approval of DHCD?</p> <p><b>See 24 CFR 85.30, 24 CFR 85.32(c)(1) and (2), and 24 CFR 570.505</b></p>	<p style="text-align: center;">Yes    No</p>	
<p>9. <b>Documentation for Expendable Items:</b> For expendable personal property, are there adequate records to support the receipt of goods, issuance of goods and the balance of items on hand?</p> <p><b>See 24 CFR 85.33(b)</b></p>	<p style="text-align: center;">Yes    No</p>	
<p>10. <b>Property Disposition:</b> If the grantee disposed of real property or personal property acquired or improved with CDBG funds, did the grantee follow proper notification and disposition procedures (including, when appropriate reimbursing the Maryland CDBG program)?</p> <p><b>See 24 CFR 570.505 for real property acquired or improved with CDBG funds exceeding \$25,000, 24 CFR 85.31(c) for other real property, 24 CFR 85.32(e) for equipment, and 24 CFR 85.33(b) for supplies</b></p>	<p style="text-align: center;">Yes    No</p>	

PROPERTY MANAGEMENT REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any property management concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate property management requirements?    Yes    No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER NINE

FAIR HOUSING & EQUAL OPPORTUNITY (FHEO) REVIEW REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office and work sites through review of grantee policies and procedures, review of general files, inspection of actual case files selected at random by the Reviewer, and finally, through interviews of key project staff. The issues and concerns identified in this on-site review of the grantee's Fair Housing – Equal Opportunity policies and procedures should be noted on the FHEO Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:** \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_

Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name:	Title:	Location:	Date of Interview:	Telephone #/e-mail:
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**B. ISSUES FROM GENERAL INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any FHEO issues that emerged from the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file review. The specified FHEO issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Staff Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

### **Additional Instructions to Monitoring Staff:**

Fair Housing and Equal Opportunity (FHEO) laws are designed to protect individuals from discrimination on the basis of race, national origin, religion, color, sex, age, family/marital status and handicap. Maryland grantees and their CDBG contractors and subrecipients must comply with applicable FHEO provisions. DHCD staff must review grantee, contractor, and sub-recipient compliance in all aspects of CDBG administration and implementation to ensure:

1. All CDBG-funded activities are carried out in a manner that will not cause discriminatory effects;
2. Opportunities exist for equal opportunity in employment and contracting connected with the CDBG Program, and in access to services; and,
3. Affirmative action is taken to overcome the effects of past discriminatory actions

FHEO laws applicable to the CDBG Program are detailed below. By completing the Title I certification required for receipt of CDBG funds, the State of Maryland assumes a specific legislative mandate to enforce certain Federal provisions. Exhibit E of the Grant Agreement requires the grantee to comply with the applicable Federal civil rights laws and regulations. The relevant rules and regulations include:

- **Title VI of the Civil Rights of 1964** – provides that no person, on the grounds of race, color, or national origin, be denied the benefits of, be excluded from participation in, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- **Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act) and Sections 104 and 106 of Title I of the Housing and Community Development Act of 1974, as amended** – provides for fair housing and prohibits discrimination in the sale, financing or rental of housing, as well as related brokerage services. Grantees must also administer programs and activities relating to housing and urban development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII.
- **Executive Order 11063, as amended by Executive Order 12259** – directs grantees to take action necessary to prevent discrimination in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use) provided in whole or in part with Federal loans, grants, contributions and/or advances.
- **Section 504 of the Rehabilitation Act of 1973, as amended** – provides that no qualified individual shall, solely by reason of his or her handicap, be excluded from program participation, including employment, be denied program benefits or be subjected to discrimination.
- **The Americans with Disabilities Act of 1990** – establishes provisions for assuring equality of opportunity, full participation, independent living and self-sufficiency of disabled persons relative to employment, benefits and services, accommodations, commercial facilities, and multi-family housing.
- **Section 109 of the Housing and Community Development Act of 1974, as amended** – provides that no person, on the grounds of race, color, national origin, or sex, be denied the benefits of, be excluded from participation in, or be subjected to discrimination under



any program or activity funded in whole or in part with community development funds made available under Title I of the Act.

- **Age Discrimination Act of 1975, as amended** – provides that no person shall be excluded from participation, denied program benefits, or be subjected to discrimination under any program or activity funded in whole or in part with Federal assistance on the basis of age.
- **Section 3 of the Housing and Urban Development Act of 1968, as amended** – provides that, to the maximum extent feasible, opportunities for training and employment be given to lower income persons residing in the project area and contracts be awarded to business concerns that are located in or owned in substantial part by persons residing in the project area.
- **Executive Order 11246** – prohibits discrimination on basis of race, color, sex, religion or national origin under Federally-assisted construction contracts in excess of \$10,000. The contractor must also post this non-discriminatory policy in conspicuous places, in employment advertisements and in labor union collective bargaining agreements.
- **Section 402 of the Vietnam Era Veteran Readjustment Assistance Act of 1974** – provides that no person shall be discriminated against because he or she is a disabled veteran or veteran of the Vietnam Era.

In addition to these Federal rules, Maryland has its own provisions regarding prohibition of discrimination:

- **Maryland Human Rights Commission (Article 49B)** – prohibits discrimination in State-assisted programs relative to employment, housing, contracting, general program policies and benefits.

## THE REVIEW PROCESS

To facilitate its review of grantee compliance, DHCD defines the type of FHEO data and documentation to be maintained by the grantee in its record-keeping system. While the type of documentation may vary according to the nature of the CDBG activities being implemented, all grantees should compile and keep track of the following:

- Population demographic data relating to race, ethnic group, sex, age, and head of household;
- Employment data on affirmative action in equal opportunity;
- Minority business participation;
- Characteristics of program beneficiaries; and,
- Actions taken to affirmatively further fair housing.

Exhibit A of the CDBG Grant Agreement between DHCD and the grantee specifies some of the records that must be maintained pertaining to documentation of compliance with Civil Rights requirements. Further, Exhibit D of the Grant Agreement requires that the following relevant documents must be available for review during project monitoring:

Affirmative Action Strategy  
Section 3 Employment Plan

Personnel Policies  
EEO-4 and Handicap Workers Demographic Data

The grantee must maintain data on those employed under the CDBG program on the prescribed Equal Employment Opportunity Commission form EEO-4.

To review grantee compliance, DHCD staff should review the grantee's Affirmative Action Plan, Section 3 plan and other appropriate documentation (personnel policies, employment records, hiring patterns, etc.) that support the grantee's efforts in these areas. Where data are inadequate, it may be necessary to interview project area residents as well as local minority, women's and civil rights groups. It is also important to ensure that a grantee has advised contractors and subrecipients of their respective responsibilities and, where appropriate, FHEO posters are prominently displayed on the job site.

**The FHEO Monitoring and Compliance Review should also be linked to the Project Management/Record-keeping, Procurement, and Labor Standards Monitoring and Compliance reviews.** For example, DHCD staff must also ensure that third party contracts (primarily contracts with a value over \$10,000) contain appropriate FHEO provisions. Minutes of the pre-construction conference should provide evidence that FHEO compliance was discussed with the contractor. Moreover, DHCD staff shall review evidence that the grantee has monitored third party compliance with these provisions through on-site inspections, employee interviews, review of contracts, etc.

#### IN-HOUSE REVIEW

In preparation for the site review, DHCD staff should undertake a review of the grantee's overall project to determine the following:

- What is the nature of the grantee's project and which FHEO laws are applicable?
- Did the grantee hire new employees?
- Who were the anticipated project beneficiaries?
- Is a subrecipient responsible for implementing project activities?
- Has the grantee awarded any third party contracts?

#### ON-SITE REVIEW

The CDBG Program monitoring should be conducted with the representative(s) of the grantee responsible for ensuring compliance with FHEO requirements. Typical activities that might be conducted as part of the on-site FHEO review include:

- Spot check the grantee's office to determine that equal employment opportunity and fair housing posters are on display.
- Ask grantee to describe overall efforts to meet FHEO compliance requirements.
- Review source documentation (contracts, etc.) in grantee files for evidence of grantee compliance, or of complaints not previously reported to DHCD staff

C. FAIR HOUSING AND EQUAL OPPORTUNITY REVIEW REQUIREMENTS

<p style="text-align: center;"><b>FAIR HOUSING &amp; EQUAL OPPORTUNITY CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with FHEO Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>GRANTEE EMPLOYMENT</b>		
<p>1. Does the grantee maintain a file that contains Civil Rights information including demographic data for the area and for the grantee's employment? (Note: a copy of this information should be provided to the Reviewer.)</p>	<p style="text-align: center;">Yes      No</p>	
<p>2. Does the grantee have written employment and personal policies and practices that incorporate Equal Opportunity guidelines? (Note: These documents should be reviewed on-site and a copy provided to Reviewer.)</p>	<p style="text-align: center;">Yes      No</p>	
<p>3. Were persons hired by the grantee under the CDBG program?</p> <p style="padding-left: 40px;">If "Yes", list those hired by name and position:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p style="text-align: center;">Yes      No</p>	<p>If "Yes", describe the recruitment process(es) for the positions hired:</p>
<p>4. Do the grantee's employment records provide sufficiently detailed data to allow assessment of the grantee's staff by:</p> <ul style="list-style-type: none"> <li>▪ Sex?</li> <li>▪ Race?</li> <li>▪ National Origin?</li> <li>▪ Disability Status? (Note: Documentation of disability status may be maintained separately from other demographic data. Obtain copies of the grantee's documentation.)</li> </ul>	<p style="text-align: center;">Yes      No Yes      No Yes      No Yes      No</p>	

<p style="text-align: center;"><b>FAIR HOUSING &amp; EQUAL OPPORTUNITY CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with FHEO Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>5. Is there a grantee Section 3 plan?</p> <p>If “Yes”, does the plan include a strategy for promoting training and employment opportunities for lower income residents?</p>	<p>Yes    No</p> <p>Yes    No</p>	<p>If “Yes”, briefly describe the strategy that has been implemented:</p>
<p>6. Are personnel data sufficiently detailed to assess grantee practices with regard to hiring, training, promotion, and compensation?</p> <p>a) Is there any evidence of disparities in pay for minorities and/or women employed by the grantee?</p> <p>b) Is there any evidence that a disproportionate share of minorities and/or women have failed to receive promotions or salary increases from the grantee?</p> <p>c) Is there any evidence that a disproportionate share of minorities and/or women have been fired by the grantee?</p> <p>d) Have any complaints of discrimination in employment been filed against the grantee by employees or applicants for employment?</p> <p>e) Overall, is there any evidence that indicate that the grantee failed to comply with appropriate FHEO requirements in employment?</p>	<p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p> <p>Yes    No</p>	<p>If any answer to 6a through 6e is “Yes”, please explain:</p>
<p>7. Have any other FHEO-related complaints been filed against the grantee?</p>	<p>Yes    No</p>	<p>If “Yes”, please describe:</p>

<p style="text-align: center;"><b>FAIR HOUSING &amp; EQUAL OPPORTUNITY CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with FHEO Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>PROJECT ACTIVITIES</b>		
<p>1. Does the grantee maintain data on the number and characteristics of beneficiaries/participants of CDBG activities and projects that identify the following:</p> <ul style="list-style-type: none"> <li>▪ Low and/or moderate income?</li> <li>▪ White (non-Hispanic origin)?</li> <li>▪ Black (non-Hispanic origin)?</li> <li>▪ Hispanic?</li> <li>▪ Asian or Pacific Islander?</li> <li>▪ Female head of household?</li> <li>▪ Handicap?</li> <li>▪ Age?</li> </ul>	<p style="text-align: center;">Yes      No</p>	
<p>2. Does the grantee maintain a copy of the census tract data in the files?</p>	<p style="text-align: center;">Yes      No</p>	
<b>FAIR HOUSING</b>		
<p>1. Has the grantee adopted a fair housing ordinance or promoted fair housing through the display of fair housing brochures or posters in municipal buildings?</p>	<p style="text-align: center;">Yes      No</p>	
<p>2. Has action been taken to affirmatively further fair housing through such activities as land development, zoning, site selection policies or programming, needs assessments, etc.?</p>	<p style="text-align: center;">Yes      No</p>	<p>Please describe or explain:</p>
<p>3. Are local fair housing groups (or others interested in housing) assisted through the provision of information, technical assistance, CDBG funds or other support?</p>	<p style="text-align: center;">Yes      No</p>	<p>If "Yes", describe nature of support (and documentation of such assistance):</p>

<p style="text-align: center;"><b>FAIR HOUSING &amp; EQUAL OPPORTUNITY CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with FHEO Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>4. In an effort to promote fair housing, are those involved in the sale or rental of housing provided with written materials informing them of Federal, State and local housing laws?</p>	<p style="text-align: center;">Yes      No</p>	
<b>SECTION 504 OF THE REHABILITATION ACT</b>		
<p>1. Initial and Continuing Notification: Has the grantee taken appropriate initial and continuing steps to notify participants, beneficiaries, applicants, and employees, including those with impaired vision or hearing, that it does not discriminate on the basis of disability?</p>	<p style="text-align: center;">Yes      No</p>	
<p>2. Has the grantee designated at least one person to coordinate its efforts to comply with Section 504?</p>	<p style="text-align: center;">Yes      No</p>	
<p>3. Has the grantee adopted specific grievance procedures that incorporate appropriate due process standards and that provide for the prompt and equitable resolution of Section 504-related complaints? (Reviewer should obtain a copy of procedures and review files relative to any grievances.)</p>	<p style="text-align: center;">Yes      No</p>	
<p>4. Has the grantee completed a self-evaluation of its projects and activities relative to Section 504 compliance?</p>	<p style="text-align: center;">Yes      No</p>	<p>If "Yes", briefly describe process (and documentation) of self-evaluation:</p>

<p style="text-align: center;"><b>FAIR HOUSING &amp; EQUAL OPPORTUNITY CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with FHEO Rules &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>MINORITY BUSINESS ENTERPRISE</b>		
<p>1. Has the grantee developed and adopted a Minority/Women’s Business Enterprise Plan?</p> <p style="margin-left: 20px;">a) If so, does the plan list steps to be taken by both the grantee and any contractors?</p> <p style="margin-left: 20px;">b) Has the grantee taken the steps required by the plan in all contracting?</p> <p style="margin-left: 20px;">c) Has the grantee monitored contractors for compliance with the plan?</p> <p>(Note: The Reviewer should check a sample of contractor files to determine compliance with the M/WBE Plan.)</p>	<p style="text-align: center;">Yes      No</p> <p style="margin-left: 20px;">Yes      No</p> <p style="margin-left: 20px;">Yes      No</p> <p style="margin-left: 20px;">Yes      No</p>	
<p>2. Does the grantee maintain data documenting the affirmative steps it has taken pursuant to 24 CFR Part 85 to utilize minority and women’s business enterprises?</p>	<p style="text-align: center;">Yes      No</p>	
<p>3. (In the adjoining column) Describe the process used by the grantee to <b>identify</b> special needs and problems of minority and women’s business enterprises:</p>		
<p>4. (In the adjoining column) Describe the projects and activities undertaken to <b>address</b> any special needs of minority and women’s business enterprises:</p>		

FAIR HOUSING & EQUAL OPPORTUNITY (FHEO) REQUIREMENTS

**SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW**

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any concerns or findings identified during the review, provide amplification as necessary, and specify any corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such action must be taken.

**Issues/Concerns/Findings (and Relevant Citations)**

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**Necessary Actions Steps and/or Resolution (and Deadlines):**

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Overall, is there source documentation in the grantee's files to support the assessment of grantee compliance with FHEO laws and requirements? Yes    No

*(Note: also see the chapters in this Handbook relating to Project Management/Record-keeping, Procurement and Labor Standards.)*

Based on the evidence reviewed, has the grantee complied with appropriate FHEO requirements? Yes    No

**Maryland DHCD Staff Conducting Review:** \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER TEN

LABOR STANDARDS

MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office and work sites through review of grantee policies and procedures, examination of general files, inspection of actual contract files selected at random by the Reviewer, and interviews of key staff and (as appropriate) contractors and their employees. The issues and concerns identified in this on-site review of the grantee's labor standards activities should be noted on the Labor Standards – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff (and Contractors) Interviewed:<sup>1</sup>**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any issues regarding labor standards that emerged from the completion of Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up                      Related Questions/Citations                      Grantee Response and/or Resolution

\_\_\_\_\_  
\_\_\_\_\_

<sup>1</sup> Note: The names of any employees of the contractors interviewed should be kept in a separate file to maintain confidentiality.


**Additional Instructions to Monitoring Staff:**

**LABOR STANDARDS**

The labor standards and requirements applicable to the Maryland CDBG program are those that are applicable to other Federally assisted programs. These standards and requirements are set forth in the three statutes described below:

**Davis-Bacon Act** – requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of Federal wage decisions for each classification of work. The law applies to all CDBG construction, alteration, or repair contracts over \$2,000, except for the rehabilitation of residential structures designed for less than eight units when completed. The Act does not apply in instances where the grantee opts to use its own “force account” labor to perform the contract (i.e. DPW performing street repairs, etc.)

**Copeland “Anti-Kickback” Act** – requires that workers be paid at least once a week, and without any deductions or rebates except permissible deductions. Permissible deductions include taxes, deductions the worker authorizes in writing, and those required by court processes. Contractors and sub-contractors are required to maintain payroll records and submit appropriate weekly compliance statements and payroll records to the grantee. The Act applies to all contracts covered by Davis-Bacon.

**Contract Work Hours and Safety Act** – Applies to all construction contracts performed under the CDBG program except for the rehabilitation of residential structures designed for less than eight units when completed. Requires that workers receive overtime compensation at a rate of one and one half times their regular hourly wage after they have worked in excess of forty hours in one week. In the event of violations, the contractor or sub-contractor shall be liable to any affected employee for unpaid wages.

**ON-SITE REVIEW**

On-site labor standards monitoring and compliance should be conducted with the grantee’s labor standards enforcement officer. The review should include an examination of the grantee’s labor standards files related to specific construction projects undertaken. If there are numerous construction projects, this review should be on a sample basis. This review will provide information regarding the grantee’s overall labor standards and contract monitoring administration as well as provide data on individual contractor compliance. The Reviewer should examine the grantee’s procedures to monitor contractors on an ongoing basis, investigate violations, and take appropriate follow-up action where violations are found.

DHCD monitoring staff must take into account the timeliness and frequency with which certain documents are completed and submitted. For example, was the most recent wage determination included in bidding documents? Was a certified payroll submitted to the grantee within seven days of the completion of the work week? DHCD staff should also check to ensure that appropriate U.S. Department of Labor signs are posted on the job site.

The Reviewer's on-site activities will typically include the following:

- Review source documentation in the grantee labor standards files.
- Review any written labor standards procedures developed by the grantee.
- Review bid documents and wage determination dates.
- Review contractor and sub-contractor certifications.
- Review minutes of pre-construction conferences.
- Review evidence of contractor eligibility.
- Ensure weekly payrolls are current and on file.
- Look for evidence the grantee has interviewed workers of affected contractors and sub-contractors.
- Review site inspection reports to ensure they are ongoing, complete, and do not reveal evidence of non-compliance with labor requirements.
- Spot check job site for evidence of Department of Labor posters.

DHCD monitoring staff must review grantee compliance with the above labor provisions at several stages of project implementation (e.g. bidding, contract award, contract monitoring, etc.).

All labor standards issues identified during the on-site review of the grantee's project should be noted on the Labor Standards –Summary Page for Monitoring and Compliance Review found at the end of this chapter of the Handbook.

By its very nature, compliance with labor standards provisions is an integral part of the Record-keeping, Procurement, Fair Housing and Equal Opportunity (FHEO) monitoring and compliance reviews. Accordingly, the findings from this portion of the monitoring review should inform these other review components, and vice versa.

D. LABOR STANDARDS REQUIREMENTS

<p style="text-align: center;"><b>LABOR STANDARDS</b></p> <p>29 CFR 3 (last revised 1/4/64); 29 CFR 5 (last revised 4/29/83, 5/3/96); 24 CFR 570.487(d)</p>	<p style="text-align: center;"><b>General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Contract # _____</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>UNDERSTANDING OF STANDARDS/THRESHOLDS</b>			
<p><i>Citation: 40 U. S. C. 276a-276a-7: Requires the designation of a contract administrator prior to construction, to ensure compliance with applicable standards and act as liaison with HUD and its designees.</i></p> <p>1. <b>Designated Officer:</b> Does the grantee have a designated Labor Standards Compliance Officer?</p> <p style="margin-left: 40px;">Name: _____</p>	<p>Yes    No</p>		
<p>2. <b>Familiarity with Standards:</b> Is the Labor Standards Compliance Officer familiar with labor standards requirements and procedures?</p>	<p>Yes    No</p>		
<p>3. <b>Communication with DHCD:</b> Is the grantee familiar with the DHCD Program Labor Standards Officer?</p>	<p>Yes    No</p>		
<p><i>Citation: 24 CFR 85: Requires the grantee to establish a construction management system which meets Federal standards for administration of grants:</i></p> <p>4. <b>Documentation of Compliance:</b> Does the grantee maintain a labor compliance file for each construction project?</p>	<p>Yes    No</p>	<p>Yes    No</p>	

<p style="text-align: center;"><b>LABOR STANDARDS</b></p> <p>29 CFR 3 (last revised 1/4/64); 29 CFR 5 (last revised 4/29/83, 5/3/96); 24 CFR 570.487(d)</p>	<p style="text-align: center;"><b>General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Contract # _____</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>5. <b>Use of Contractors:</b> Did the grantee contract with a general contractor to undertake the construction project?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>6. <b>Use of “Force Account” Labor:</b> Does the grantee use its own “force account” labor to undertake all or certain components of the construction project? <i>(Note: although Davis-Bacon prevailing wages do not apply, record-keeping still encouraged).</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>7. <b>Value of Contract:</b> Is the construction contract (or subcontract) value greater than \$2,000 (and, if it involves residential rehabilitation, does the structure have 8 or more units)?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	



<p style="text-align: center;"><b>LABOR STANDARDS</b></p> <p>29 CFR 3 (last revised 1/4/64); 29 CFR 5 (last revised 4/29/83, 5/3/96); 24 CFR 570.487(d)</p>	<p style="text-align: center;"><b>General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Contract # _____</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>Citation: 29 CFR 5.5(a): Grantee must ensure that all bid documents, contracts and sub-contracts contain Federal labor standards provisions and the applicable Davis-Bacon wage decision.</b></p> <p>9. <b>Provisions Present in Contracts?:</b> Are the following provisions present in all appropriate contracts?</p> <p>9.1 Bonding? (see section on bonding and procurement)</p> <p>9.2 Remedies?</p> <p>9.3 Termination?</p> <p>9.4 E.O. 11246? (see Chapter Nine – FHEO )</p> <p>9.5 Section 3 hiring?</p> <p>9.6 Anti-kickback?</p> <p>9.7 Davis-Bacon?</p> <p>9.8 Work Hours and Safety?</p> <p>9.9 Reporting?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>Citation: 29 CFR 5.6: Grantee must conduct on-site inspections including interviews with laborers and mechanics employed on the construction project and ensure that wage decisions and DOL notices are posted at job site.</b></p> <p>10. <b>Compliance Review Procedures:</b> Does the grantee have standard procedures for conducting compliance reviews?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>11. <b>Regular Field Inspections:</b> Does the grantee make field inspections of construction activities on a regular basis?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	

<p style="text-align: center;"><b>LABOR STANDARDS</b></p> <p>29 CFR 3 (last revised 1/4/64); 29 CFR 5 (last revised 4/29/83, 5/3/96); 24 CFR 570.487(d)</p>	<p style="text-align: center;"><b>General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Contract # _____</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>12. <b>Restitution Process:</b> Does the grantee have a process to ensure contractor restitution when there is non-compliance?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><i><b>Citation: 29 CFR 3.4 and 24 CFR 5.5(a)(3)(ii)(A): Grantee is required to ensure that weekly payrolls are submitted and reviewed.</b></i></p> <p>13. <b>Weekly Payrolls Submitted?:</b> Are signed contractor/subcontractor payrolls submitted weekly, no later than 7 days following the completion of the work week?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>14. <b>Inspection of Payrolls:</b> Do individual payrolls provide complete data that confirm:</p> <p>14.1 Payrolls numbered?</p> <p>14.2 Payrolls signed by employer’s authorized representative?</p> <p>14.3 Apprentice/trainee registration records?</p> <p>14.4 Record of additional classifications?</p> <p>14.5 Each worker paid full weekly wages without direct or indirect rebates?</p> <p>14.6 Only permissible deductions have been taken from worker wages?</p> <p>14.7 Where appropriate, overtime compensation paid?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>LABOR STANDARDS</b></p> <p>29 CFR 3 (last revised 1/4/64); 29 CFR 5 (last revised 4/29/83, 5/3/96); 24 CFR 570.487(d)</p>	<p style="text-align: center;"><b>General Program Practice Consistent with Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Contract # _____</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>15. <b>Grantee On-site Reviews:</b> Did the grantee make on-site compliance reviews during construction for the following:</p> <p>15.1 Posted wage rate determinations and Department of Labor posters?</p> <p>15.2 Check contractor/subcontractor payroll files?</p> <p>15.3 Conduct adequate number of worker interviews to verify wages paid (HUD definition of adequate is 5% of workers over the life of the contract)? <i>[Note: per 29 CFR 5.6(a)(5) must keep identity of interviewed workers confidential]</i></p> <p>15.4 Review use of apprentices, trainees, and helpers?</p> <p>15.5 Verify overtime payment and procedures?</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	
<p>16. <b>Inspection of Violations:</b> If violations were reported, did the grantee:</p> <p>16.1 Investigate in a timely manner?</p> <p>16.2 Provide adequate documentation to support findings?</p> <p>16.3 Notify the Maryland CDBG Program of appropriate violations?</p> <p>16.4 Enforce required sanctions on the contractor?</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	

LABOR STANDARDS

**SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW**

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any concerns of findings identified during the review, provide amplification as necessary, and specify corrective actions that the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Findings/Concerns (and Relevant Citations):**

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**Necessary Actions Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with applicable Labor Standards requirements? Yes      No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER ELEVEN

HOUSING REHABILITATION REQUIREMENTS

MONITORING AND COMPLIANCE REVIEW

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" at the local program office and work sites through review of grantee policies and procedures, examination of general files, inspection of actual case files selected at random by the Reviewer, and interviews of key staff and (as appropriate) contractors and property owners. The issues and concerns identified in this review of the grantee's housing rehabilitation activities should be noted on the Housing Rehabilitation – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff (and Contractors and Property Owners) Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any housing rehabilitation issues that emerged from the completion of Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____


**Additional Instructions to Monitoring Staff:**

**HOUSING REHABILITATION**

In performing the program monitoring and compliance review, DHCD staff must closely consider several aspects of the grantee's performance. These include the grantee's design of the program, its implementation of policies and procedures in compliance with pertinent Federal, State, and local regulations on a program-wide and an individual case-by-case basis, and its overall achievement of project objectives.

1. The Mayrland CDBG Program requires that the grantee develop a written Policies and Procedures Manual for Housing Rehabilitation for use in implementation the local project. This document should be reviewed during the site visit to determine whether the manual provides adequate guidance to the grantee concerning its housing rehabilitation activities. In general, the manual should include:
  - Introductory section (including goals and objectives, authority, program resources, applicable laws and regulations);
  - Applicant eligibility requirements (including definitions of relevant terms, eligibility criteria, establishing applicant priorities, selecting eligible properties);
  - Basis for calculating applicants' household income;
  - Considerations in awarding of funds (including underwriting procedures, determining financial assistance levels), cooperation with contractors, handling of grievances, anti-conflict of interest and kickback provisions;
  - Eligible rehabilitation expenses (i.e. code compliance, equipment, enhancing accessibility, weatherization and energy conservation, building permits, fees, flood insurance, etc.);
  - Responsibilities of the local government officials and program staff;
  - Requirements for bid packages and construction contracts; and,
  - Description of close-out procedures (i.e. final inspection, final payment).
  
2. Individual case file reviews should be undertaken on at least three (3) of the properties rehabilitated through the project. A separate column on the checklist that follows should be filled out for each individual case file reviewed. **Fill in** the case file number (or other identifier) at the top of each column. If warranted, the Reviewer may review additional files on a separate sheet.
  
3. The Reviewer should review the general program files and also interview grantee staff and, as appropriate, contractors and

PROJECT DESCRIPTION: Please provide a brief description of the project being monitored, based on the approved application, Grant Agreement and any amendments. The Reviewer can determine how much detail is useful to provide in this section, but typically the description should specify the project location(s), nature of activities being funded, amount of total funding and allocation among activities, and specific goals. (The Reviewer can use the General Project Information Summary forms in Chapter One to obtain much of this information.)

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E. HOUSING REHABILITATION REQUIREMENTS

HOUSING REHABILITATION CHECKLIST	Documentation Indicates that General Program Practice Consistent with Applicable Policies & Regulations	Sample Case #:  _____	Comments and Description of Documentation or Issues:
<b>PROGRAM DESIGN AND DEVELOPMENT</b>			
<p><i>Citation: Maryland CDBG Programs requires grantees conducting housing rehabilitation activities to develop a written policy and procedural manual.</i></p> <p>13. <b>Written Policies and Procedures:</b> Have local rehabilitation program guidelines (policies and procedures) been developed, approved by the local governing body, and incorporated in a written manual available to the public?</p>	<p>Yes No</p>		<p>If "No", explain:</p>
<p>2. <b>Program Goals/Regulations:</b> Do the local guidelines clearly state goals and objectives of the project as well as authority for the project, source of funding, and applicable laws, regulations, and provisions?</p>	<p>Yes No</p>		

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>								
<p>3. <b>Roles/Standards:</b> Do the written guidelines define the roles and responsibilities of all program staff, the property owner and the contractor, through all phases of program delivery (including code enforcement, standards for rehabilitation, and preparation of work write-up and cost estimate)?</p>	<p style="text-align: center;"><b>Yes No</b></p>										
<p>4. <b>Documentation:</b> Do the local guidelines include the necessary procedures and forms for application, underwriting, loan processing, and financial and construction management?</p>	<p style="text-align: center;"><b>Yes No</b></p>										
<p>5. <b>Third Party Responsibilities:</b> Is a third party responsible for administering all or a portion of the Housing Rehabilitation project (e.g. a subrecipient, a bank for loan servicing, etc.)? If "Yes", identify: _____</p>	<p style="text-align: center;"><b>Yes No</b></p>										
<p>6. <b>Third Party Agreements:</b> Does the grantee prepare and execute acceptable third party (i.e., bank or subrecipient) agreements for program-related work or financing as established in the policies and procedures manual?</p>	<p style="text-align: center;"><b>Yes No</b></p>										
<p>If "Yes", describe which agreements are currently in place (e.g., with whom, for what service):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><b>Contract with:</b></td> <td style="width: 50%; border: none;"><b>Service Provided:</b></td> </tr> <tr> <td style="border: none;">_____</td> <td style="border: none;">_____</td> </tr> <tr> <td style="border: none;">_____</td> <td style="border: none;">_____</td> </tr> <tr> <td style="border: none;">_____</td> <td style="border: none;">_____</td> </tr> </table> <p><b>Citation: 24 CFR 570.503: Requires grantees to execute written subrecipient agreements</b></p>	<b>Contract with:</b>	<b>Service Provided:</b>	_____	_____	_____	_____	_____	_____			
<b>Contract with:</b>	<b>Service Provided:</b>										
_____	_____										
_____	_____										
_____	_____										



<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>10. <b>Applicants:</b> How many qualified applicants have applied to the project to date?</p> <p style="text-align: center;">Total #: _____</p> <p>Has the project been successful in attracting adequate numbers of qualified applicants?</p>	<p><b>Yes No</b></p>		<p><b>If “No”, what actions is the grantee taking to solve this problem?</b></p>
<b>APPLICATION AND WORK WRITE-UPS</b>			
<p><b><i>Citation: 24 CFR 570.506: Requires grantees to maintain records providing a full description of each activity.</i></b></p> <p>11. <b>Individual Case Files:</b> Does the grantee maintain well-organized and complete case files on the individual rehabilitation cases, including the following documentation:</p> <p>11.1 Current status?</p> <p>11.2 Property owner’s application?</p> <p>11.3 Number of persons who live in the household?</p> <p>11.4 The income limit for a household this size?</p> <p>11.5 Verification of ownership and income of occupants?</p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p> <p><b>Yes No</b></p>	

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i>Citation: 24 CFR 85.20(b)(6) and 24 CFR 570.506: All program expenditures must be supported by source documentation.</i></p> <p><b>12. Scope of Proposed Rehabilitation:</b> Does the grantee apply standards established in its policies and procedures manual to determine appropriate level of rehabilitation including preparation of written specifications?</p> <p><b>12.1 Inspection/Work Write-Up:</b> Is there a copy of the original inspection/work write-up and cost estimate on file?</p> <p><b>12.2 Deficiencies:</b> Did the work write-up include any specific deficiencies identified by the household in the application? (Handicapped features, etc.) Describe: _____</p> <p><b>12.3 Sign-off:</b> Was the work write-up approved and signed by the owner?</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	
<p><b>SPECIAL PROGRAM REQUIREMENTS</b></p>			

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b>  _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i>Citation: 24 CFR 570.483 – Rehabilitation of residential property must satisfy one of three National Objectives.</i></p> <p>13. <b>Satisfaction of National Objective:</b> Is there documentation that the individual rehabilitation cases satisfied a National Objective?</p> <p>How is this documented? _____</p> <p>_____</p> <p style="text-align: center;">(Use “Comments” column is more space needed)</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>Note approach used to satisfying the National Objective:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>LMI Area Benefit</b></li> <li><input type="checkbox"/> <b>LMI Housing</b></li> <li><input type="checkbox"/> <b>Slum or Blighted Area</b></li> <li><input type="checkbox"/> <b>Spot Blight</b></li> <li><input type="checkbox"/> <b>Urgent Needs</b></li> </ul>
<p>14. Is this the <b>same</b> approach to satisfying the National Objective as had been proposed and approved in grantee’s application?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p><i>Citation: 36 CFR 800 – Grantee must consult with State historic preservation officer to determine whether rehabilitation will affect historically significant properties.</i></p> <p>15. <b>Historic Preservation:</b> Is this project (or case) in compliance with Historic Preservation requirements (as applicable)?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i>Citation: 44 CFR 59-79 – CDBG funds cannot be used in identified flood hazard area unless flood insurance is secured through National Flood Insurance Program.</i></p> <p>16. <b>Flood Insurance:</b> Is there any evidence that units to be rehabbed were in a flood plain?</p> <p style="text-align: right;">If “Yes”, did such units obtain insurance through the National Flood Insurance Program?</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<p><i>Citation: 24 CFR 35 – Measures must be taken to abate lead-based paint hazards and to provide notice to purchasers and tenants of housing regarding hazards.</i></p> <p>17. <b>Lead Paint:</b> Is there a lead-based paint determination in the file?</p> <p style="text-align: right;">Is there a signed and dated notification form by owner or tenant?</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<b>UNDERWRITING</b>			

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><i>Citation: 24 CFR 570.506 and 24 CFR 85.20(a)(20 and (b)(6): All program expenditures must be supported by source documentation.</i></p> <p>18. <b>Qualification:</b> Does the file documentation confirm that there is sufficient evidence to indicate that the eligibility criteria have been met?</p> <p>For the Household?</p> <p>For the Building?</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	
<p>19. <b>Financial Assistance:</b> Did the grantee determine appropriate levels and forms of financial assistance for individual rehab cases consistent with the project's policy and procedures, including requirements for collateral and matching financing?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>20. <b>Property Owners:</b> Does the grantee execute formal agreements with property owners for the financial assistance, reflecting all pertinent terms and conditions and stipulating the responsibilities of each party under the agreement?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>21. <b>Secure and Service Loans:</b> Does the grantee secure and service loans as established in the policies and procedures manual?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>22. <b>Liens:</b> Do the project files indicate that the appropriate liens have been filed?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>23. <b>Promissory Note:</b> Is there an executed promissory note on file?</p> <p style="text-align: right;">Is there a signed/dated Truth in Lending Disclosure Statement?</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	
<p>24. <b>Repayment Requirements:</b> Does the agreement stipulate the procedures and schedule for repayment of any loan, the conditions under which default will be triggered, and the actions available to the grantee in the event of default?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<b>RECAPTURE AND PROGRAM INCOME</b>			
<p>25. <b>Recapture:</b> Does the grantee apply its default and recapture policies consistent with the policies and procedures manual?</p> <p style="text-align: right;">Number of cases where default/recapture has occurred: _____</p> <p style="text-align: right;">_____</p> <p style="text-align: right;">_____</p> <p style="text-align: right;">_____</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Comment as necessary:</b></p>
<p>26. <b>Program Income:</b> Are loan repayments or recaptured grants accounted for as program income?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Comment as necessary:</b></p>

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>27. <b>Revenues:</b> Does the grantee use revenues from loan repayments as established in the policies and procedures manual and the approved program income re-use plan?</p> <p><i>Citation: 24 CFR 570.489(e): Program income must either be returned to State or may be retained and re-used subject to State approval and in conformance with re-use plan.</i></p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p><b>Comment as necessary:</b></p>
<p><b>BIDDING AND CONTRACTOR SELECTION</b></p>			
<p><i>Citation: Title IV Civil Rights Act of 1964 (PL 88-352) No discrimination on any program or activity receiving federal funds.</i></p> <p>28. <b>Marketing to Contractors:</b> Do guidelines identify process for recruiting contractors, particularly small, minority, and female contractors (including specification of minimum qualifications, evaluation of credentials, and measures taken in case of unsatisfactory performance)?</p>	<p style="text-align: center;">Yes No</p>		

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>29. <b>Availability of Contractors:</b> Does the project seem to have a sufficient number of contractors participating in the rehab program?</p> <p>Number of contractors currently actively participating: _ _____ _____ _____</p>	<p style="text-align: center;"><b>Yes No</b></p>		
<p>30. <b>Bid Solicitations:</b> Are copies of the bid solicitation documentation on file?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>31. <b>Pricing:</b> Were bids that received in-line with preliminary cost estimates?</p> <p>Cost Estimate: _____ Bid Received: _____</p>		<p style="text-align: center;"><b>Yes No</b></p>	<p><b>Comment as necessary:</b></p>
<p>32. <b>Competitive Procurement/Equal Opportunity:</b> Were bids secured on a competitive basis in accordance with the project's guidelines, and referencing of Section 3 and E.O. 11246 in advertisements)?</p> <p><i>See 24 CFR 85.36 and Chapter Five – Procurement and Bonding</i></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>If “No”, explain:</b></p>
<p>33. <b>Selection of Lowest Bidder:</b> If the low bidder was not selected, is there documentation in the project file supporting this decision?</p> <p><i>See 24 CFR 85.36 and Chapter Five – Procurement and Bonding</i></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>Citation: 24 CFR 85.36(i): Specifies provisions in grant contracts</b></p> <p>34. <b>Content of Construction Contracts:</b> Review the construction contract to verify the inclusion of the following:</p> <p>34.1 Cost of work to be performed and person(s) responsible for completing work items?</p> <p>34.2 Lead-based paint poisoning regulations?</p> <p>34.3 Davis-Bacon provisions, where applicable? (see Chapter Ten—Labor Standards)</p> <p>34.4 Fair Housing and Equal Opportunity provisions? (see Chapter Nine -- Fair Housing and Equal Opportunity)</p> <p>34.5 Contractor insurance and bonding provisions? (see Chapter Five – Procurement and Bonding)</p> <p>34.6 Section 3 clause?</p> <p>34.7 Conflict of interest clause?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>35. <b>Workmanship:</b> Does the contract include general rehabilitation specifications that adequately prescribe materials, methods and quality of workmanship?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p>36. <b>Consent:</b> Does the contract stipulate the consent that is required for work to be approved and payments to be made for completed rehab work?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>Comment as necessary:</b></p>

**CONSTRUCTION**

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>37. <b>Construction Process/Scope:</b> Do guidelines describe construction period procedures (including progress inspections, handling of complaints, final inspection, final payment, and process for resolving work deficiencies after the final inspection)?</p>	<p><b>Yes No</b></p>		
<p><b>Citation: 24 CFR 570.488 and 49 CFR 24: Grantees and subgrantees must minimize displacement and provide relocation assistance to eligible households.</b></p> <p>38. <b>Relocation:</b> Was it necessary to provide temporary or permanent relocation assistance to any persons as a result of the project?</p> <p>If “Yes”, were these persons afforded all rights and payment provided under the Uniform Act (see Chapter Seven – Relocation)</p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p>	
<p>39. <b>Notice to Proceed:</b> Is there evidence that rehab work authorized by the project did not commence until a formal notice to proceed is provided by the grantee?</p> <p>Is a copy of the signed notice to proceed maintained in the project files?</p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p>	<p><b>Yes No</b></p> <p><b>Yes No</b></p>	

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b>  _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>40. Progress Inspections:</b> Is there evidence that regular inspections of work were performed?</p> <p>40.1 Are there copies of the inspection reports on file?</p> <p>40.2 When/how frequently are the inspections performed?:</p> <p style="text-align: center;">_____</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;">_____</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;">_____</p>	<p style="text-align: center;"><b>Identify the individual(s) who perform these inspections and their qualifications:</b></p>
<p><b>41. Actual Scope of Rehabilitation:</b> From the evidence available from the case files and inspections of the work sites:</p> <p>41.1 <b>Permits:</b> Is there evidence that all local permits (e.g., electrical, etc.) were secured?</p> <p>41.2 <b>Eligible Improvements:</b> Are all work items consistent with project criteria for eligible improvements?</p> <p>41.3 <b>Consistency with Work Write-Up:</b> Was the rehab work undertaken consistent with the work write-up?</p> <p>41.4 <b>Code Compliance:</b> Are completed units in compliance with local codes?</p> <p>41.5 <b>Change Orders:</b> Are change orders documented, and does the evidence indicate such changes were reasonable?</p> <p>41.6 <b>Quality:</b> Does site inspection by the Reviewer confirm that the rehabilitation work was performed in a quality, professional, and timely manner?</p> <p>41.7 <b>Reasonable Cost:</b> Does inspection confirm that the rehabilitation cost was reasonable for the work entailed?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	
<p><b>42. Timeliness:</b> What are grantee's methods to assure both timely completion of work and timely progress payments to contractors?</p>	<p><b>Describe methods briefly:</b></p>		

<p style="text-align: center;"><b>HOUSING REHABILITATION CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates that General Program Practice Consistent with Applicable Policies &amp; Regulations</b></p>	<p style="text-align: center;"><b>Sample Case #:</b> <hr/></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>43. Payments:</b> Is there evidence that progress payments to contractors are <b>only</b> made:</p> <p>43.1 After an inspection has been completed of the billed work?</p> <p>43.2 After a determination that the work performed is consistent with the approved work write-up /specifications and standards of the program?</p> <p>43.3 When the billed costs are consistent with the contractor's accepted bid (including any approved amendments to bid)?</p> <p><i>See 24 CFR 85.20(b)(6).</i></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	
<b>CLOSE-OUT OF THE REHABILITATION CASE</b>			
<p><b>44. Final Inspection:</b> Was a final site inspection made upon receipt of a final invoice from Contractor?</p> <p>Is there a copy of the final inspection report on file?</p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p> <p style="text-align: center;"><b>Yes No</b></p>	
<p><b>45. Contractor Release:</b> Before making final payment, did the grantee obtain a contractor release, including releases from subcontractors and suppliers, of liens and a copy of each warranty due the applicant for the work?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>If "No", please explain:</b></p>
<p><b>46. Owner Satisfaction:</b> Is there evidence in the project files indicating that the applicant was satisfied with the work performed?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>Explain process that was followed in the event that the applicant was not satisfied:</b></p>
<p><b>47. Final Payment:</b> Is there evidence that final payment was made <b>only</b> after a final inspection had confirmed that all work had been completed to the project's satisfaction and the satisfaction of the property owner, and that appropriate warranties/guarantees were in place?</p>	<p style="text-align: center;"><b>Yes No</b></p>	<p style="text-align: center;"><b>Yes No</b></p>	<p><b>Comment as necessary:</b></p>

## OVERALL REHABILITATION PROCESSING

Instructions to Monitoring Staff:  
 This section is **optional** and may be filled out if the Reviewer identifies issues related to performance goals and the overall sequence for processing of projects through the program.

**Important Dates:**

(Review case file to ensure that documentation is in place)

	Case#1	Case#2	Case #3
• Date of final verification and completion of all household application data?	_____	_____	_____
• Date of loan closing, if applicable?	_____	_____	_____
• Date work write-up and cost estimate prepared?	_____	_____	_____
• Date specifications sent out to bid?	_____	_____	_____
• Date contract signed?	_____	_____	_____
• Date notice to proceed issued?	_____	_____	_____
• Dates of inspections?	_____	_____	_____
• Date of final inspection?	_____	_____	_____
• Date of final payment?	_____	_____	_____
• Date lien or contract for deferred loan program filed at clerk of court's office?	_____	_____	_____

**Important Timelines:**

	Days
• How much time elapsed from the initial application to loan settlement?	_____
• How much time elapsed from the loan settlement to contract award?	_____
• How much time elapsed from the contract award to construction?	_____
• How much time elapsed from loan settlement to final inspection?	_____

If any of these time frames is unreasonable, explain:

\_\_\_\_\_

\_\_\_\_\_



**PUBLIC FACILITIES – INFRASTRUCTURE REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted “on-site” through review of grantee policies and procedures, review of general files, examination of actual case files (as appropriate) selected at random by the Reviewer, inspection of work sites, and interviews of key staff and contractors and/or beneficiaries as relevant. The issues and concerns identified in this on-site review of the grantee’s public facilities and/or infrastructure activities should be noted on the Public Facilities & Infrastructure Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

**Local Staff (and Contractors or Beneficiaries) Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Public Facilities or Infrastructure issues that emerged from the completion of Chapter One should be addressed through interviews with the local project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Staff Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____

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**Additional Instructions to Monitoring Staff:**

**PUBLIC FACILITIES AND INFRASTRUCTURE**

The focus of the Maryland CDBG Program monitoring and compliance review is to ensure that the grantee is implementing the project as approved (for example, see Section 6 and Exhibit A of the Grant Agreement). The review is also meant to ensure that the grantee is making substantial progress according to the work program and schedule contained in the application for CDBG funding and the Grant Agreement (per Section 7 and Exhibit C of the Grant Agreement). Furthermore, DHCD staff must be assured that grant funds are being used to leverage private and other public funds, as pledged by the grantee in its application and as reflected in Exhibit B of the Grant Agreement.

Maryland CDBG Program grantees receive monies for community infrastructure and public facilities projects that meet the following objectives:

- Provide the majority of the program benefit to low and moderate income people;
- Correct or reduce problems affecting the environment, public health and safety; and/or
- Provide infrastructure needed for priority community development projects.

The community infrastructure monitoring review is an integral part of the monitoring and compliance reviews contained in other chapters of this Handbook. Therefore, the review forms contained in this chapter should be completed in coordination with the monitoring reviews reflected in other appropriate Handbook chapters. In particular, the other sections of this Handbook that have special relevance to, and typically should inform the community infrastructure monitoring review (and vice versa), include:

- Chapter Two – Environmental Review
- Chapter Three – General Project Management/Record-keeping
- Chapter Four – Financial Management
- Chapter Five – Procurement and Bonding
- Chapter Eight – Property Management
- Chapter Ten – Labor Standards (especially if outside contractors used)

Other sections of the Handbook should be cross-referenced as necessary. For example, if the infrastructure project entails acquiring property that was previously privately-owned, the portions of the Handbook dealing with acquisition and relocation (Chapters Six and Seven) should be consulted.

**IN-HOUSE REVIEW**

In monitoring community infrastructure projects, DHCD staff must be assured that the grantee has: (a) an adequate plan for facility maintenance and repair: and (b) certified that, if a public improvement has been funded in whole or in part with CDBG funds, it has not

attempted to recover the CDBG portion of the capital costs of the public improvements by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to public improvements. Special assessments for recovering the non-CDBG portion of the capital costs for the public improvement may only be charged if:

- A. CDBG funds are used to pay the special assessment on behalf of the properties owned and occupied by persons of low and moderate income;
- B. Or, unless the grantee (when permitted by the State) certifies that it lacks sufficient Maryland CDBG funds to comply with the requirements of (A), above.

The Reviewer's in-house preparations for the monitoring visit will typically include the following:

- Review Grant Agreement and approved application.
- List other relevant monitoring and compliance reviews that apply to the project (e.g., Procurement, Property Management, etc.)
- Meet with appropriate DHCD technical specialists to identify potential concerns and issues.
- Review grantee file and progress reports to determine current project status.
- Review Requests for Payment to determine amount and purpose of Maryland CDBG funds disbursed by the project to date.
- Identify whether the project activities entail special assessments.

#### ON-SITE REVIEW

DHCD staff will compare actual project progress to representations made to the Maryland CDBG Program through grantee reports and on Requests for Payment. Furthermore, a comparison should be made between anticipated project objectives (e.g., benefit to low and moderate income individuals and families, correct public health hazard, etc.) and actual project beneficiaries or community infrastructure problems corrected.

The steps in the on-site review will typically entail the following:

- Review overall project status with grantee.
- Review project files and (as applicable) construction contracts.
- Identify evidence that the project is satisfying a National Objective either through:
  - Principally benefiting low and moderate income individuals and families;
  - Aiding in the prevention or elimination of slums or blight; or,

PROJECT DESCRIPTION: Please provide a **brief** description of the project being monitored, based on the approved application, Grant Agreement and any amendments. The Reviewer can determine how much detail is useful to provide in this section, but typically the description should specify the project location, amount of funding, nature of activities, and specific goals. (The Reviewer can use the General Project Information Summary forms in Chapter One to obtain much of this information.)

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C. PUBLIC FACILITIES AND INFRASTRUCTURE REQUIREMENTS

<p style="text-align: center;"><b>PUBLIC FACILITIES – INFRASTRUCTURE CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates That General Program Practice Consistent with Maryland CDBG Policies and Regulations and Grant Agreement?</b></p>	<p style="text-align: center;"><b>Sample Case # _____ (As Applicable)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>COMPLIANCE WITH ELIGIBILITY REQUIREMENTS AND APPROVED PROJECT DESIGN</b>			
<p>1. <b>Project Commencement:</b> Did commencement of the project occur on or after the effective date(s) of the Grant Agreement and DHCD's approval of the Request for Release of Funds?</p> <p><i>See Chapter Two – Environmental Review</i></p>	<p>Yes    No</p>		

<p style="text-align: center;"><b>PUBLIC FACILITIES – INFRASTRUCTURE CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates That General Program Practice Consistent with Maryland CDBG Policies and Regulations and Grant Agreement?</b></p>	<p style="text-align: center;"><b>Sample Case # _____ (As Applicable)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>2. <b>Project Consistent with Approved Grant Application and Grant Agreement?:</b> Are the project and its component activities being implemented consistent with the approved grant application and the project description incorporated in <i>Exhibit A of the Grant Agreement</i>?</p> <p>2.1 If “No”, and the changes meet the threshold for formal amendments specified in <i>Section 6c of the Grant Agreement</i>, did the grantee seek a formal amendment?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p>If “No”, discuss the ways in which the implemented project is not consistent (e.g., change in location, scope, type of activities, approach to satisfying National Objective, allocation of funds among activities?)</p>
<p>3. <b>Eligibility of Activities:</b> Are the activities that are being implemented with funds from the Maryland CDBG Program grant <u>eligible</u>?</p> <p>3.1 If the grantee is imposing <b>special assessments</b> relative to the public improvements, are these assessments in compliance with the regulations at <b>24 CFR 570.482(b)</b>?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>PUBLIC FACILITIES – INFRASTRUCTURE CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates That General Program Practice Consistent with Maryland CDBG Policies and Regulations and Grant Agreement?</b></p>	<p style="text-align: center;"><b>Sample Case # _____ (As Applicable)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>4. <b>Satisfaction of National Objective(s):</b> Which National Objective does the project seek to satisfy? (check one)</p> <p>Principal benefit to LMI Persons: <input type="checkbox"/></p> <p>Aid in prevention or elimination of slums or blight <input type="checkbox"/></p> <p>Meet critical community development need having particular urgency <input type="checkbox"/></p> <p>4.1 Is this approach to satisfying the National Objective reasonable in light of the project design and how it is being implemented?</p> <p><i>Note: A more complete assessment of the grantee’s approach to satisfying the National Objective should be conducted as part of the monitoring review of General Project Management (see Chapter Three).</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>5. <b>Supporting Documentation:</b> Do project records exist that adequately document activities, progress, and actual project costs to date?</p> <p>5.1 Are the <b>actual costs for progress to date</b> consistent with the figures proposed in the application and reflected in the Grant Agreement?</p> <p><i>See Chapter Three – General Project Management and Record-keeping, and Chapter Four – Financial Management.</i></p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>		<p>If “No”, explain:</p>
<p>6. <b>Leveraging of Other Resources:</b> If the project was expected to leverage other private or public investment (per the grant application and <b>Exhibit B</b> of the Grant Agreement), have all the other sources of funds been secured and applied to the project?</p>	<p style="text-align: center;">Yes    No</p>		<p>If “No”, please explain:</p>

<p style="text-align: center;"><b>PUBLIC FACILITIES – INFRASTRUCTURE CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates That General Program Practice Consistent with Maryland CDBG Policies and Regulations and Grant Agreement?</b></p>	<p style="text-align: center;"><b>Sample Case # _____ (As Applicable)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>ASSESSMENT OF SATISFACTORY PERFORMANCE</b>			
<p>7. <b>Conformance with Implementation Schedule:</b> Is the project complete or proceeding in accordance with the Implementation Schedule specified in <i>Exhibit C of the Grant Agreement</i>?</p>	<p>Yes    No</p>		<p>If "No", please explain:</p>
<p>8. <b>Supervision of Force Account Labor:</b> If the project is being undertaken through the grantee's "force account" labor, is there evidence that the grantee is maintaining adequate oversight of such labor and supervision the work sites?</p>	<p>Yes    No</p>	<p>Yes    No</p>	<p>Briefly describe how grantee maintains oversight:</p>
<p>9. <b>Grantee Oversight of Contractors:</b> If the project is being undertaken with outside contractors, is there evidence the grantee is adequately monitoring and enforcing the terms of the contract and contractor performance?</p> <p><i>See Chapter Five – Procurement, and Chapter Ten – Labor Standards.</i></p>	<p>Yes    No</p>	<p>Yes    No</p>	<p>Briefly describe how grantee maintains oversight:</p>
<p>10. <b>Site Inspection:</b> Does a site inspection by the Reviewer support the information on activities and project status supplied by the grantee and/or represented by the documentation in the project files?</p>	<p>Yes    No</p>	<p>Yes    No</p>	
<p>11. <b>Quality of Work:</b> Does the site inspection by the Reviewer indicate that work is being completed in an acceptable, workmanlike manner?</p>	<p>Yes    No</p>	<p>Yes    No</p>	

<p style="text-align: center;"><b>PUBLIC FACILITIES – INFRASTRUCTURE CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates That General Program Practice Consistent with Maryland CDBG Policies and Regulations and Grant Agreement?</b></p>	<p style="text-align: center;"><b>Sample Case # _____ (As Applicable)</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>12. <b>Achievement of Identified Goals/Objectives:</b> Has the public benefit described in the approved application been realized (or can be expected to be realized before the conclusion of the project) in terms of:</p> <ul style="list-style-type: none"> <li>- Completing the scope of public improvements envisioned?</li> <li>- Serving the projected number and types of beneficiaries?</li> <li>- Resolving the underlying problem(s) or negative conditions that were described in the grantee's application for Maryland CDBG funding?</li> </ul>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>		<p>If "No", please explain:</p>
<p>13. <b>Maintenance of Infrastructure/Public Facilities:</b> Does the grantee have an adequate mechanism in place to maintain the public improvements and keep them in good repair?</p> <p><i>See Chapter Eight – Property Management</i></p>	<p style="text-align: center;">Yes    No</p>		<p>If "No", please explain:</p>

PUBLIC FACILITIES – INFRASTRUCTURE REQUIREMENTS

**SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW**

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions that the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate Public Facilities - Infrastructure requirements?    Yes    No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER THIRTEEN

**ECONOMIC DEVELOPMENT REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" through review of grantee policies and procedures, review of general files, examination of loan case files selected at random by the Reviewer, inspection of project sites, and interviews of key staff and business persons and/or beneficiaries. The issues and concerns identified in this on-site review of the grantee's economic development activities should be noted on the Economic Development Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

Name(s) and address(es) of Business(s) receiving assistance (as applicable):

\_\_\_\_\_  
\_\_\_\_\_

**Local Staff (and, as applicable, Business Persons and/or Beneficiaries) Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any issues that emerged from the completion of Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up

Related Questions/Citations

Staff Response and/or Resolution

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**Additional Instructions to Monitoring Staff:**

**ECONOMIC DEVELOPMENT**

Grantees have designed their economic development and commercial revitalization projects to meet local needs, as well as to satisfy Maryland CDBG Program guidelines and project selection criteria. One focus of the Maryland CDBG Program monitoring and compliance review relative to such economic development activities is to ensure that the grantee is implementing the project as approved, and is making substantial progress according to the work program and schedule contained in the grant application and Grant Agreement. Furthermore, DHCD staff must be assured that grant funds are being used to leverage private and grantee and other public funds, and in compliance with all applicable rules and regulations.

Among the principal objectives for economic development and commercial revitalization projects under the Maryland CDBG Program are the following:

1. **Job Creation/Retention** - Increase the number of jobs, especially for low and moderate income persons, that can support a household and have advancement potential.
2. **Economic Development** - Promote economic recovery in small communities heavily dependent on a single industry and emphasize development in underdeveloped rural areas. Support the development of the State's small businesses, especially those owned by minorities. Encourage industry that exports goods or services outside the State. Leverage private and other funds and, where possible, stimulate additional economic development.
3. **Commercial Revitalization** – Promote as part of a comprehensive development strategy the rehabilitation of commercial and mixed-use buildings located in concentrated commercial areas. Increase the economic vitality and physical attractiveness of downtowns and other concentrated commercial areas. Eliminate slums and blight.

Projects involving business loans must be justified on the basis that the project could not proceed “but for” the CDBG funds. Grant funds must be leveraged by private dollars.

In instances of direct assistance to private for-profit entities, Maryland CDBG Program funds will be used in the most effective way possible to satisfy the Federal requirements for underwriting and public benefit (**per 24 CFR 570.482(e) and (f)**). In addition, every effort will be made to ensure that projects funded will:

- Be successful and profitable;
- Meet the National Objective of benefiting low and moderate income people through job creation or retention;
- Meet the needs of the community; and
- Eliminate slums and blight.

## IN-HOUSE REVIEW

In preparing for the on-site monitoring, the DHCD staff will review the grantee's proposed project with particular attention to the following:

- Grantee's objectives that the project is intended to meet;
- Nature of approved project activities;
- Participating parties and the relationships among them;
- Activities to be funded by other public entities;
- Method(s) of financing activities;
- Payback method; amount, timing, and reuse of project income, as applicable;
- Form and amount of anticipated private leveraging; and
- Project implementation schedule.

## ON-SITE REVIEW

The objective of the on-site monitoring and compliance review is to determine the effectiveness of the grantee's project administration and the level of progress toward objectives that has been achieved. DHCD staff monitoring efforts should focus on key performance indicators including: status of legally binding commitments; status of construction; draw down amount; ratio of CDBG funds expended to private expenditure; and project accomplishments (e.g., jobs created or retained, etc.).

Typically, the Reviewer will conduct the following activities during the on-site review:

- Review economic development/commercial revitalization files.
- Interview grantee staff and/or for-profit entity regarding project status.
- Review data maintained on jobs created and/or retained regarding: (a) actual number of jobs affected; (b) percentage of

PROJECT DESCRIPTION: Please provide a **brief** description of the project being monitored, based on the approved application, Grant Agreement and any amendments. The Reviewer can determine how much detail is useful to provide in this section, but typically the description should specify the project location(s), nature of activities being funded, amount of total funding and allocation among activities, and specific goals. (The Reviewer can use the General Project Information Summary forms in Chapter One to obtain much of this information.)

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F. ECONOMIC DEVELOPMENT REQUIREMENTS

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;">Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</p>	<p style="text-align: center;">Sample Loan/Case #</p> <p style="text-align: center;">_____</p>	<p style="text-align: center;">Comments and Description of Documentation or Issues:</p>
<p>1. <b>Project Commencement:</b> Did commencement of the project occur on or after the effective date(s) of the Grant Agreement and DHCD's approval of the Request for Release of Funds?</p> <p><i>See also Chapter Two – Environmental Review</i></p>	<p style="text-align: center;">Yes    No</p>		
<p>2. <b>Project Consistent with Approved Project Design?:</b> Are the project and its component activities being implemented consistent with the approved grant application and the project description in <b>Exhibit A</b> of the Grant Agreement?</p> <p>2.1     If "No", and the changes meet the threshold for formal amendments specified in <b>Section 6c</b> of the Grant Agreement, did the grantee seek a formal amendment?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>3. <b>Project Activities Consistent with Economic Development Goals?:</b> Does the economic development project consist of activities that address <b>one or more</b> of the six Maryland CDBG economic development criteria, i.e.:</p> <ul style="list-style-type: none"> <li>- Creates or retains jobs for low and moderate income persons;</li> <li>- Prevents or eliminates slums and blight;</li> <li>- Meets urgent needs;</li> <li>- Creates or retains businesses owned by community residents;</li> <li>- Assists businesses that provide goods and services needed by and affordable to low and moderate income residents; or</li> <li>- Provides technical assistance to promote any of these criteria?</li> </ul>	<p style="text-align: center;">Yes    No</p>		
<p>4. <b>Program Partners:</b> Are any for-profit or non-profit organizations involved in the project activities?</p> <p>4.1    If “Yes”, are these the same organizations identified in the grantee’s application for Maryland CDBG Program funding and/or specified in <b>Exhibit A</b> of the Grant Agreement?</p> <p>4.2    If “No”, will these changes have a negative impact on the grantee’s ability to meet its projected objectives or cause program delays?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	



<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>7. <b>Leveraging of Other Resources:</b> If the project (or loan) was expected to leverage other private or public investment:</p> <p>7.1 What is the amount of private investment to date?</p> <p>7.2 What is the amount of non-CDBG public investment to date?</p> <p>7.3 Have all sources of funds, and particular required equity, committed in the grant (or loan) application actually been secured?</p> <p><i>See Exhibit B of Grant Agreement</i></p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<p>8. <b>Tracking of Private Investment:</b> How does the grantee document and track private investment?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>9. <b>Third Party Information:</b> How does the grantee verify performance information submitted by third parties?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>10. <b>Site Inspection:</b> Does a site inspection by the Reviewer confirm the information supplied by the grantee, developer, business owner and/or any other third party?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p>11. <b>Loan Servicing:</b> Are repayments being made (if applicable) as scheduled?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p>If "No", what actions does the grantee take if a loan repayment is late or in default?</p>

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>12 <b>Use of loan repayments:</b> Does documentation identify the amount and use of loan repayments by the grantee?</p> <p><i>See the discussion of Program Income in Chapter Four – Financial Management and <b>Section 8</b> of Grant Agreement.</i></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<b>SATISFACTION OF NATIONAL OBJECTIVE</b>			
<p>13 <b>National Objective(s):</b> Which National Objective does the project seek to satisfy?</p> <p style="margin-left: 40px;">Benefit to LMI Persons: <input type="checkbox"/></p> <p style="margin-left: 40px;">Prevention/Elimination of Slums/Blight: <input type="checkbox"/></p> <p style="margin-left: 40px;">Urgent Need: <input type="checkbox"/></p> <p>Given the nature of the activities being undertaken, does this approach to satisfying the National Objective appear reasonable?</p>			
<p>14 <b>LMI Benefit Proposed:</b> If LMI Benefit has been proposed:</p> <p>Which LMI Benefit category applies to the project?</p> <p style="margin-left: 40px;">Limited clientele <input type="checkbox"/></p> <p style="margin-left: 40px;">Job creation/retention: <input type="checkbox"/> (Circle as applicable: # jobs created and/or # jobs retained)</p> <p style="margin-left: 40px;">Areawide benefit <input type="checkbox"/> (Circle one: 51% basis or 70% census tract basis)</p>			
<p>15 <b>Percent of funds for LMI:</b> What percentage of the grantee’s Maryland CDBG Program funds will benefit principally low and moderate income families and individuals?</p>	_____ %	_____ %	

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>LMI – LIMITED CLIENTELE</b>			
<p>16 <b>Actual Persons Benefiting:</b> What is the actual number of people benefiting from the activity to date?</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	
<p>17 <b>Income Documentation:</b> Is there adequate documentation showing that 51% of the clientele to date were LMI persons?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	<p>Describe documentation supporting this conclusion:</p>
<b>LMI – JOB CREATION (see Section 10 of Grant Agreement)</b>			
<p>18 <b>Planned Job Creation:</b> How many new permanent jobs were expected to be created with the grant (or with the loan)?</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	
<p>19 <b>Actual Job Creation:</b> What is the actual number of jobs created to date with the grant (or with the loan)?</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	
<p>20 <b>Job Listings:</b> Is there a listing, by job title, race ethnicity, gender and handicapped status of the permanent jobs actually created?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p>21 <b>Determination of LMI:</b> What job standard was actually used to determine LMI status?</p> <p>Taken by:      <input type="checkbox"/></p> <p>Available to:    <input type="checkbox"/></p> <p>Both:            <input type="checkbox"/></p>			
<p>22 <b>Documentation of LMI Benefit:</b> Was documentation available specifying which of the created jobs were actually taken by or made available to LMI persons?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>23 Evidence of First Consideration Provided to LMI Persons:</b> If “made available to” was used, was there a description of how the first consideration was given to LMI persons for those jobs?</p> <p>Did the description include:</p> <p>23.1 The hiring process?</p> <p>23.2 The number of LMI persons interviewed and/or hired?</p> <p>23.3 How the LMI status of the persons interviewed was determined?</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<p><b>24 Actual LMI Persons Benefiting:</b> How many jobs for low and moderate income persons have been created to date by the grant (or the loan)?</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	
<p><b>25 Achievement of Job Creation Targets:</b> Does it appear that the grantee (or the loan recipient) will be able to meet its job creation targets?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>26 Activities Supporting Accessibility to Employment:</b> Were jobs that were created made accessible through job training or other mechanisms funded with CDBG or leveraged funds?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>LMI – JOB RETENTION (see Section 10 of Grant Agreement)</b></p>			
<p><b>27 Planned Job Retention:</b> How many jobs did the grantee (or loan recipient) indicate would be retained for persons of low or moderate income?</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	
<p><b>28 Actual Jobs Retained:</b> What is the actual number of jobs retained for low and moderate income persons to date?</p> <p>Did the grantee adequately document that these jobs would have been lost “but for” the CDBG assistance provided?</p>	<p style="text-align: center;">_____</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">_____</p> <p style="text-align: center;">Yes No</p>	

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p><b>29 Job Turnover:</b> If retained jobs were made available to LMI persons by turnover:</p> <p>29.1 Was there a listing of each job turned over and taken by or available to LMI persons?</p> <p>29.2 Was there a description of how job skills were considered and first consideration given to LMI persons?</p> <p>29.3 Was there a listing by job title, race, ethnicity, gender and handicapped status, of permanent jobs actually taken by LMI persons?</p> <p>29.4 Was there a description of how the LMI status of those hired was determined?</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p> <p style="text-align: center;">Yes No</p>	
<p><b>30 Achievement of Job Retention Targets:</b> Does it appear that the grantee (or the loan recipient) will meet its target for the number of jobs retained for low and moderate income persons?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<b>LMI – AREA-WIDE BENEFIT</b>			
<p><b>31 Documentation of LMI Area-wide Benefit:</b> Do the project files contain adequate documentation to support a conclusion that the project meets the standards of area-wide LMI benefit?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	<p>Briefly describe documentation:</p>
<b>PREVENTION OR ELIMINATION OF SLUMS OR BLIGHT</b>			
<p><b>32 Area-Wide Basis:</b> If prevention or elimination of slums &amp; blight on an area-wide basis was proposed:</p> <p>Did the implemented activity actually mitigate one or more of the conditions contributing to the deterioration of the area?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	
<p><b>33 Spot Basis:</b> If prevention or elimination of slums &amp; blight on a spot basis was proposed:</p> <p>Did the funded activity actually mitigate the specific conditions of deterioration or decay in the target property or site?</p>	<p style="text-align: center;">Yes No</p>	<p style="text-align: center;">Yes No</p>	

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<b>URGENT COMMUNITY NEED</b>			
<p><b>34 Urgent Need Addressed:</b> Did the funded activity alleviate the conditions that were posing a serious and immediate threat to the health or welfare of the community?</p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<b>SUMMARY AND CONCLUSIONS FROM ASSESSMENT</b>			
<p><b>35 Program Records and Supporting Documentation:</b> Is the source documentation in the files adequate to assess compliance with economic development requirements?</p> <p>35.1     Are these records sufficient to provide all required reporting, including (as applicable) the Semi-Annual Report for CDBG-Funded RLF Grants?</p> <p><i>See Chapter Three – General Project Management and Record-keeping</i></p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	
<p><b>36 Eligibility of Activities:</b> Does the evidence available during the review support the conclusion that the activities that are being/were conducted with funds from the grant (or loan) fall within a category of eligible activities, <b>per 24 CFR 570.482?</b></p>	<p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p>	
<p><b>37 Satisfactory Progress:</b></p> <ul style="list-style-type: none"> <li>▪ Is the progress of the grantee consistent with the Implementation Schedule in <b>Exhibit C</b> of the Grant Agreement?</li> <li>▪ Is the grantee's spending to date consistent with <b>Exhibits B and C</b> of the Grant Agreement?</li> <li>▪ Overall, does the grantee appear to be making adequate progress toward meeting its project objectives?</li> </ul> <p><i>See Section 7 of the Grant Agreement</i></p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>		

<p style="text-align: center;"><b>ECONOMIC DEVELOPMENT CHECKLIST</b> (see 24 CFR 570.482 and 570.483)</p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Policies &amp; Regulations?</b></p>	<p style="text-align: center;"><b>Sample Loan/Case #</b> _____</p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>38 <b>Actual Public Benefit Achieved:</b> Has the public benefit described in the grant (or loan) application been realized, or can be expected to be realized by the end of the current grant term?</p> <p>Will the public benefit achieved by the grant (or loan) by the end of the grant term meet the aggregate (or individual activity) standards found in <b>24 CFR 570.482 (f)</b>?</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	

ECONOMIC DEVELOPMENT REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**

In the space below, please note any issues arising from the review. For any concerns of findings identified during the review, provide amplification as necessary, and specify corrective actions the grantee must take to resolve the issue(s). Describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the evidence reviewed, has the grantee complied with appropriate Economic Development requirements? Yes No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

CHAPTER FOURTEEN

**SUBRECIPIENT OVERSIGHT REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

This review should be conducted "on-site" through review of grantee policies and procedures and the applicable Subrecipient Agreement, inspection of grantee files, interviews of key project staff, and as necessary visits to the subrecipient's offices and project site(s). The issues and concerns identified in this on-site review of the grantee's oversight of its subrecipient should be noted on the Subrecipient Oversight – Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

**Date(s) of On-Site Review:**

\_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_ Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_ Grant Term: \_\_\_\_\_

Subrecipient Name: \_\_\_\_\_

Subrecipient Address: \_\_\_\_\_

**Local Grantee and/or Subrecipient Staff Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Organization/Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY:** *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Subrecipient Oversight issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local grantee or project staff and/or on-site file reviews. These issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____

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**Additional Instructions to Monitoring Staff:**

**SUBRECIPIENT MONITORING**

Per 24 CFR 570.500(c), a subrecipient is an agency or organization (e.g., a neighborhood based non-profit organization, Section 301(d) small business investment company, and/or local development corporation) working for the grantee, and having administrative or other responsibilities relative to the grantee's CDBG project. Prior to disbursing CDBG funds to a subrecipient, the grantee must enter into a written agreement with the sub-recipient. The agreement must remain in effect as long as the subrecipient has control over the CDBG funds, including program income generated by such funds.

At a minimum, the Subrecipient Agreement must contain the following applicable provisions:

- Statement of Work – a description of the work to be performed, a work schedule, and a budget.
- Records and Reports – a listing of the records that the subrecipient must maintain and the type and frequency of reports to be submitted to the grantee.
- Program Income – the agreement must set forth program income requirements that are consistent with those generally applicable to the Maryland CDBG Program (see 24 CFR 570.504(c) and 24 CFR 570.489(e) and Chapter Four – Financial Management).
- Applicability of Uniform Administrative Requirements (UAR) – the agreement must require the subrecipient to comply with the applicable UAR rules as described in 24 CFR 570.502.
- Compliance with Other Federal Requirements – the agreement must require the subrecipient to comply with all appropriate Federal laws and requirements as described in Subpart K of 24 CFR 570, except that the subrecipient cannot assume the grantee's responsibilities for meeting Environmental Review requirements or for satisfying its responsibilities for initiating the review process described in 24 CFR 52.
- Conditions for Religious Organizations – where applicable, the conditions prescribed by HUD for the use of CDBG funds by religious organizations must be included in the agreement.
- Suspension and Termination – the agreement must specify that suspension or termination may occur in the event of default, inability or failure to perform on the part of the subrecipient, or when both parties mutually agree to terminate the agreement.
- Reversion of Assets – the agreement must state that, upon expiration of the agreement, the subrecipient must transfer to the grantee any CDBG funds on-hand and any accounts receivable attributable to the use of the CDBG funds. Furthermore, any real property acquired (or improved) in whole or in part with CDBG monies in excess of \$25,000 either must be used to meet one of the National Objectives for at least five years after expiration of the agreement, or will be disposed of in accordance with Maryland CDBG Program requirements.

Grantees should be encouraged to forward a draft of the Subrecipient Agreement to DHCD for review and approval before it is executed locally.

## IN-HOUSE REVIEW

DHCD staff should review the grantee's application, Grant Agreement and progress reports to identify all project activities that involve the use of sub-recipients. The Reviewer should determine if the grantee submitted a draft of the Subrecipient Agreement to DHCD for review. The Reviewer should also ascertain whether a copy of the executed Subrecipient Agreement is on file with the Maryland CDBG Program, and if so, should review this document to make certain that the Agreement contains all appropriate provisions, and that the activities to be carried out are consistent with the approved grantee application and Grant Agreement. Using the progress reports, the Reviewer should also assess the progress being achieved on activities involving the subrecipient. Finally, the Reviewer should ensure that the grantee informs the subrecipient to be available on the date of the DHCD monitoring visit.

## ON-SITE REVIEW

The on-site review of subrecipient monitoring compliance will typically include the following activities:

- Review subrecipient activities with the grantee.
- Determine if project beneficiaries met the specified project criteria.
- Compare subrecipient payment dates to dates that the grantee inspected the subrecipient's project activities, to determine that these visits occurred before payment was made. (This is to ensure that the grantee was fully aware of actual progress on activities before payments were authorized).
- Look for evidence that the grantee actively monitored the subrecipient for overall compliance with the terms and conditions of the Subrecipient Agreement and, in the process, with all applicable Maryland CDBG Program requirements.
- Inspect subrecipient project sites.
- Where warranted, review the project progress with the subrecipient.

Any concerns or issues identified during the on-site review of the grantee's subrecipient oversight activities should be noted on the







<p style="text-align: center;"><b>SUBRECIPIENT MONITORING CHECKLIST</b></p>	<p style="text-align: center;"><b>Documentation Indicates General Program Practice Consistent with Applicable Rules &amp; Regulations</b></p>	<p style="text-align: center;"><b>Comments and Description of Documentation or Issues:</b></p>
<p>7. Based on evidence available during the site visit, is the subrecipient performing on-schedule?</p>	<p style="text-align: center;">Yes    No</p>	<p>If "No", explain:</p>



CHAPTER FIFTEEN

**AUDIT REQUIREMENTS  
MONITORING AND COMPLIANCE REVIEW**

**General Instructions to Monitoring Staff:**

The monitoring of grantee compliance with audit requirements should be conducted through a combination of: (a) "on-site" activities at the local program office (through review of grantee policies and procedures, inspection of files, and interviews of key staff), and (b) a careful review of the audit report(s) submitted by the grantee to DHCD. The issues and concerns identified in this review of the grantee's audit activities should be noted on the Audit Requirements -- Summary Page for Monitoring and Compliance Review found at the end of this chapter.

**A. GENERAL INFORMATION**

Date(s) of On-Site Review: \_\_\_\_\_

Date(s) of Receipt of Audit Report(s): \_\_\_\_\_

Grantee/Project Name: \_\_\_\_\_

Program Year: \_\_\_\_\_

Grant #: \_\_\_\_\_

Grant Term: \_\_\_\_\_

**Local Staff Interviewed:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Location: \_\_\_\_\_ Date of Interview: \_\_\_\_\_ Telephone #/e-mail: \_\_\_\_\_

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**B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY: *Note: Please refer to Section D of the General Project Information Summary (Chapter One).*** Any Audit issues that emerged from the completion of the in-house, pre-visit review reflected in Chapter One should be noted below and addressed through interviews and/or correspondence with the local project staff and/or on-site file reviews.

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



Additional Instructions to Monitoring Staff:

## **AUDIT**

Audit compliance is subject to the requirements of OMB Circular A-133, which derive from the Single Audit Act Amendments of 1996). Maryland CDBG Program grantees expending \$300,000 or more in Federal funds in a single year are required to have an audit for that year conducted in accordance with 24 CFR 85.26 and that meets the standards of OMB Circular A-133. A grantee expending less than \$300,000 in a single year in Federal funds should nonetheless (as a good business practice) have an annual independent audit by a Certified Public Accountant (CPA), to help to ensure that the grantee has complied with laws and regulations affecting the expenditure of Federal funds. Moreover, grantees spending less than \$300,000 in Federal funds in a year must still have their records available for review.

Grantees must maintain records that are capable of being audited. OMB Circular A-133 specifies the standards that apply to audits conducted in compliance with the Single Audit Act. However, all independent audits should meet Generally Accepted Accounting Principles (GAAP) and Generally Accepted Government Auditing Standards (GAGAS). The audit should focus on three areas:

- Financial records and statements;
- Internal control systems; and
- Grantee compliance with Maryland CDBG Program requirements.

Audit reports conducted in compliance with OMB A-133 must be provided by the grantee to the Maryland CDBG Program no later than 30 days after the issuance of the report by the auditor, or nine months after the end of the audit period, unless a longer time period has been approved in advance by DHCD.

## **THE MONITORING PROCESS**

Normally, DHCD staff will not monitor grantee compliance with audit requirements during a field visit. However, during the on-site visit, the Reviewer should ensure that the grantee is aware of the applicable audit requirements and, where appropriate, has set aside funds to pay for the audit. The grantee may charge a proportionate share of audit costs to each grant program covered by the audit scope.

When the audit report is received by the Maryland CDBG Program, DHCD staff should identify any findings that must be resolved by the grantee. Grantees should be advised of any findings that must be resolved by letter.

All issues identified during the on-site visit or the review of the audit report(s) should be listed on the [Audit Requirements – Summary Page for Monitoring and Compliance Review](#) found at the end of this chapter of the Handbook.

### C. AUDIT REQUIREMENTS

AUDIT CHECKLIST	Evidence from On-Site Visit and/or Audit Report(s) Indicate Program Practice Consistent with Applicable Rules & Regulations	Comments:
<b>INITIAL ON-SITE ACTIVITIES</b>		
<i>Citations: 24 CFR 85.26 and OMB Circular A-133: Single Audit Act Amendments require compliance with A-133, including audit by independent auditor, for grantees or sub-grantees expending \$300,000 or more in Federal funds in a single year.</i>		
1. <b>Grantee Spending Threshold:</b> Did the grantee expend \$300,000 or more in Federal funds (in aggregate) for any year during the term of the Maryland CDBG grant?	Yes    No	If "Yes", list the year(s) in which the \$300,000 threshold was met or exceeded:
2. <b>Awareness of Requirements:</b> Is the grantee aware of the Maryland CDBG Program audit requirements?	Yes    No	
3. <b>Budgeting for Audits:</b> Has the grantee budgeted funds for the required audit(s)?	Yes    No	
4. <b>Organization of Records:</b> Based on a review of the grantee's financial and program records, do the grantee's records appear to be organized for an audit?  <i>See OMB A-133 , Subpart B.</i>	Yes    No	
5. <b>Subrecipient Spending Threshold:</b> If the grantee has a subrecipient, did the subrecipient expend \$300,000 or more in Federal funds (in aggregate) for any year during the term of the Maryland CDBG grant?	Yes    No	If "Yes", list the year(s) in which the \$300,000 threshold was met or exceeded:

<p style="text-align: center;"><b>AUDIT CHECKLIST</b></p>	<p style="text-align: center;"><b>Evidence from On-Site Visit and/or Audit Report(s) Indicate Program Practice Consistent with Applicable Rules &amp; Regulations</b></p>	<p style="text-align: center;"><b>Comments:</b></p>
<p>6. <b>Completed “Single Audit Act” Audits:</b> For each year in which the grantee expended \$300,000 or more in Federal funds in aggregate, did the grantee have an audit completed in conformance with the standards of OMB A-133?</p> <p><i>Note: As appropriate, specify responses <u>by year</u>, noting all of the individual relevant years identified in Question #1, above.</i></p>	<p style="text-align: center;">Yes    No</p>	
<p>7. <b>Audit Report Received Within Specified Period:</b> For each fiscal year in which the grantee expended \$300,000 or more in Federal funds, was the annual audit report received by the Maryland CDBG Program within 30 days after issuance by the auditor, and no later than 9 months after the period covered by the audit?</p> <p>Did the grantee also submit a copy of the audit report and the “Data Collection Form” (Form SF-SAC) to the Federal clearinghouse specified by OMB?</p> <p><i>Note:</i>  (a) <i>As appropriate, specify responses to these questions <u>by year</u>, noting all of the individual relevant years identified in Question #1, above:</i>  (b) <i>Answer questions #8 through #16 below, <u>for each audit report received.</u></i></p>	<p style="text-align: center;">Yes    No</p> <p style="text-align: center;">Yes    No</p>	
<p>8. <b>Procurement Process:</b> Was the auditor selected through a competitive procurement process?</p>	<p style="text-align: center;">Yes    No</p>	<p>If “No”, explain selection process:</p>





<p style="text-align: center;"><b>AUDIT CHECKLIST</b></p>	<p style="text-align: center;"><b>Evidence from On-Site Visit and/or Audit Report(s) Indicate Program Practice Consistent with Applicable Rules &amp; Regulations</b></p>	<p style="text-align: right;"><b>Comments:</b></p>
<p>17. <b>Non “Single Audit Act” Audits:</b> If the grantee was not required to have an audit per the standards of OMB-A-133 for any year during the grant term, did it nonetheless have an independent audit for that fiscal year by a CPA that included examination of the Maryland CDBG funds within the audit’s scope?</p> <p><i>Note: If “Yes”, complete Questions #8 through #16 for each such independent audit.</i></p>	<p style="text-align: center;">Yes    No</p>	<p>If “Yes”, relevant list years:</p>
<p>18. <b>Subrecipient Audits:</b> (As applicable) Did the grantee ensure that its subrecipients had appropriate independent audits conducted, particularly subrecipients that expended \$300,000 or more in Federal funds in a single year (see response to Question #2, above).</p> <p><b>See 24 CFR 85.26(b)(1)</b></p>	<p style="text-align: center;">Yes    No</p>	

AUDIT REQUIREMENTS

SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

**Instructions to Monitoring Staff:**  
In the space below, please note any issues arising from the on-site visit or review of the audit report(s). For any audit concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions that the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

**Issues/Concerns/Findings (and Relevant Citations):**

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**Necessary Action Steps and/or Resolution (and Deadlines):**

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Based on the available evidence, has the grantee complied with applicable Single Audit Act requirements? Yes No

Based on the audit report(s) reviewed, has the grantee complied with all appropriate financial and program requirements pertaining to the Maryland CDBG Program? Yes No

Maryland DHCD Staff Conducting Review: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

