**Office of Economic Development Monitoring System**

Community Development Block Grant contract monitoring is conducted by OED staff annually through three levels of possible monitoring engagement. All completed checklists, letters to agencies, and the subsequent correspondence kept in OED project files. Written results of the assessment are transmitted to the agency six to eight weeks after the monitoring is completed.

There are three (3) levels of monitoring conducted by OED staff.

**· Level 1: On-going Program Monitoring:** This entails OED staff developing contracts for CDBG programs/activities; providing information and assistance to agencies in program development  and compliance with City and Federal requirements; reviewing agency invoices and supporting documentation prior to payment; monitoring agency progress toward meeting performance standards and CDBG national objectives; reviewing contract compliance; comparing projected and reported service levels and budgeted and invoiced costs; completing the Level 1 Monitoring Checklist and completing income verification forms, quarterly reports and Year End Progress Reports to document client eligibility, service to low- to moderate- income clientele and that CDBG National Objectives are being met.

**· Level 2: On-Site Review:** The goal is to conduct an on-site review of each CDBG-funded agency every 2-3 years. A Level 2 Monitoring Checklist is completed and covers program performance and outcomes; agency procedures; compliance with reporting requirements; detailed review of expenses; management controls; governance and oversight; and, internal fiscal controls. This also includes staff spot checking selected areas of compliance, observing program operations, interviewing agency staff, and providing technical assistance/training as appropriate.

**· Level 3: In-depth Agency Review:** A Level 3 Monitoring Checklist is completed where funding and financial obligations are very complex and where there is a concern about the integrity of financial systems. OED’s Finance Director or his/her designee will partner with the project’s Program Specialist to conduct this review which entails conducting an in-depth review of the agency’s financial and accounting procedures, records and systems; a review of program performance; agency procedures; and management controls.