



June 15, 2015

Greg Chilcott, Chair
Ravalli County
215 South 4th Street, Suite A
Hamilton, MT 59840

RECEIVED

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Ravalli County Commissioners

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RE: **Project Monitoring Results** –Ravalli County, Bitterroot Tool & Machine, Montana Department of Commerce's Big Sky Economic Development Trust Fund (BSTF) Program Contract # MT-BSTF-1-14-09

Dear Chairman Chilcott:

On May 27, 2015 I visited your offices to review the progress of Ravalli County's BSTF contract for job creation assistance to Bitterroot Tool & Machine. I want to thank Verona Strombert, Klarryse Murphy and Dan Whittesitt for their time and effort during the visit. I appreciated and enjoyed the onsite visit of the Bitterroot Tool & Machine facility.

The purpose of the visit was to evaluate the Ravalli County's compliance with state requirements of the BSTF program and to assess progress toward completion of the grant. One of three levels of determination (*listed below*) is assigned to a particular issue if the Ravalli County, Ravalli County Economic Development Authority or Bitterroot Tool & Machine's performance is considered less than satisfactory.

Concern

An issue that does not involve a statutory or regulatory requirement but may involve recommending management or program improvement is considered a *concern*. A modification of an administrative procedure or policy would be suggested. No formal written response is required from the grantee.

Question of Performance

If the review raises a question regarding whether a violation of a statutory or regulatory requirement has occurred, the BSTF liaison will first informally discuss the review results with the company to determine if a violation has occurred. If a determination cannot be made before the end of the monitoring visit, the BSTF liaison may conclude that there is a *question of performance* and request additional information to be provided within 30 days. That period allows the Montana Department of Commerce the time to determine if a violation has occurred. A final determination will be made within 30 days.

Finding

When a monitoring review reveals a specific, identifiable violation of a statutory requirement, the BSTF liaison will make a "finding." A written response regarding the

company's proposed actions to correct the situation is required within 30 days of the date of the BSTF liaison's monitoring letter.

Corrective actions should:

1. Prevent a continuance of the violation;
2. Mitigate any adverse effects or consequences of the violation to the extent possible under the circumstances; and
3. Prevent a recurrence of the same or similar violation.

The following is a summary of the compliance areas monitored during our visit:

Ravalli County Economic Development Authority
CRDC FILE AND FINANCIAL MANAGEMENT

- ⤴ The project manager has been actively involved in the project development, management, and oversight of payment requests, as noted in the management plan.
- ⤴ A copy of the workers compensation notice has been posted in a visible location for easy review.

No concerns were noted

Ravalli County
LOCAL GOVERNMENT FILE MANAGEMENT

- ⤴ All original documents associated with the contract were on file.
- ⤴ Activities completed matched the contract agreement.
- ⤴ No complains relative to the project have been received.
- ⤴ A copy of the workers compensation notice has been posted in a visible location for easy review.

No concerns were noted

LOCAL GOVERNMENT FINANCIAL MANAGEMENT

- ⤴ Local Government adopted a budget resolution for expenditures.
- ⤴ Budget resolution is on file.
- ⤴ Grant project appears in the local government financial records.
- ⤴ There is a separation of duties.
- ⤴ Public employees handling the project are bonded.
- ⤴ There are no ineligible expenditures charged against the project.
- ⤴ All expenditures had adequate documentation and authorization.

Concern:

During the monitoring BSTF staff discovered that the payment for BSTF projects are reimbursed through "ACH". There is an email trail that shows who knew of the payment, however the commissioners do not actually approve the payment. Per Ravalli County policy no one actually approves the "ACH" payments. It was also discovered that the Management Plan states the County would be reimbursing the assisted business when in reality the County issued an "ACH" to Ravalli County Economic Development Authority who then issued payment to the assisted business. It was suggested that an amendment to the Management Plan to reflect how the County actually conducted businesses. The Department has received the amendment to the Management Plan which correctly states how the County is conducting business with regard to the grant award. During our visit it was discovered that the Workers Compensation Notice posted was not current. While on site the current notice was posted.

Bitterroot Tool & Machine

ASSISTED BUSINESS FILE AND FINANCIAL MANAGEMENT

- ▲ Hiring records were complete; business is meeting hiring goals and matches the most recent progress report.
- ▲ Equipment purchased is the same as proposed and available for inspection.
- ▲ Business is active and conducting business as expected.
- ▲ Business feels the project has been managed effectively.
- ▲ A copy of the workers compensation notice has been posted in a visible location for easy review.

No concerns were noted

Please note that all project records must be kept on file for three (3) years after you have received the final BSTF project closeout letter from the Department. Additionally, to assist the Department with program performance reporting, the BSTF award recipient may be required to provide annual project updates for 3 years after the close of the contract.

If you need additional information or have questions, you can contact me at (406) 841-2792 or by email at ddavidson2@mt.gov.

Sincerely,



Debi Davidson
Program Specialist
Big Sky Economic Development Trust Fund
Montana Department of Commerce

Cc: Julie Foster, Executive Director, RCEDA
Bonnie Jones, Owner, Bitterroot Tool & Machine