



Subrecipient Monitoring August 2019

Arizona Department of Administration
Office of Grants and Federal Resources



Why should we monitor?

- ❖ Provide technical assistance
- ❖ To find best practices and share with Federal agency/recipients
- ❖ Provides accountability
- ❖ To prevent waste, fraud, and abuse
- ❖ Responsibility of the State (pass through entity) to ensure good stewardship of Federal funding
- ❖ Uniform Guidance (2 CFR 200) mandates it

Who Needs to be Monitored?

Subrecipient vs. Vendor Determination

- ❖ 1st step is to determine Subrecipient vs. Vendor
- ❖ Different guidance/policies apply to each
- ❖ Utilize different systems for each in your State

Subrecipient vs. Vendor Determination

Procurement with Catholic Charities

- ❖ Procuring 5,000 travel mugs with ADOA logo to be used for Travel Reduction Program
 - ❖ Federal air quality funding
 - ❖ State decides who mugs are delivered to
 - ❖ Design, standards, materials are all dictated by the state
 - ❖ Assumes financial risk if they fail to deliver

Procurement with Catholic Charities

- ❖ Procuring transportation demand management services for displaced individuals
 - ❖ Federal air quality funding
 - ❖ Recipient determines who participates
 - ❖ Recipient designs program
 - ❖ Funding contingent on performance

Subrecipient vs. Vendor Checklist

Subrecipient

- ✓ May determine who is eligible to receive Federal funding under program guidelines
- ✓ Performance is measured in relation to whether objectives of Federal program were met
- ✓ Has responsibility for programmatic decision making
- ✓ May be required to contribute match funding
- ✓ Uses Federal funding to carry out a program for a public purpose specified in authorizing statute

Vendor

- ✓ Provides a good or service
- ✓ Normally operates in a competitive environment
- ✓ Provides a good or service that is ancillary to the operation of the Federal program

Policies regarding subrecipient monitoring: Uniformed Guidance

Uniformed Guidance requires pass-through entities to:

- ❖ evaluate subrecipient's risk of noncompliance in order to determine the appropriate monitoring level

THEN:

- ❖ monitor the activities of the subrecipient as necessary to ensure that the subaward is:
 - ❖ used for authorized purposes
 - ❖ in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and,
 - ❖ performance goals are achieved

Uniform Guidance – Risk Based Approach

- ❖ Risk based monitoring creates prioritization for program year
- ❖ Pre and Post award risk assessments
- ❖ Association of Government Accountants (AGA's) has a risk assessment tool
- ❖ GFR created a weighted risk assessment tool based on AGA

Common Risk Factors

1. Project/Program Risk:

- Amount of the award
- Past non-compliance
- Past underperformance toward program objectives

2. Policy/Management

- Financial systems assessment
- Qualified program staff
- Policies to ensure/support compliance and reporting
- Prior Audit and monitoring findings

3. Past Performance

- Review of SAM Database
- Disbarred or suspended
- New to managing grants
- High staff turnover

Types of Monitoring

- ❖ On-site
- ❖ Desk Review
- ❖ 100% back up of financial/progress reports
- ❖ Audit review
- ❖ Programmatic review

Remedies for Non-Compliance

- ❖ Complete a “Corrective Action Plan” (CAP)
- ❖ May include:
 - ❖ Additional special conditions
 - ❖ Require reports at a more frequent cadence (ie: semi-annual to quarterly)
 - ❖ Temporarily withhold cash payments pending correction
 - ❖ Disallow all or part of the cost of the activity or action not in compliance
 - ❖ Wholly or partly suspend or terminate the Federal award
- ❖ Withhold further Federal awards for the project/program

Tips: Before Monitoring Visit

- ❖ Prioritize monitoring (geographic location, risk level)
- ❖ Standardized checklists, tools, templates, etc.
- ❖ Prepare beforehand
- ❖ Consider staff time and travel resources

Tips: During Monitoring Visit

- ❖ Programmatic and Financial staff together
- ❖ Utilize desk reviews for pre-work
- ❖ Know your problem and risk areas
- ❖ Use the visit for training/technical assistance

Tips: After Monitoring Visit

- ❖ Write clear and concise reports
- ❖ Ensure follow-up is required by grantee
- ❖ Communicate successes and findings to grantee
- ❖ Issue a close out report/monitoring report within a reasonable timeframe of visit
- ❖ Periodically review your subrecipient monitoring processes

Arizona's Statewide Subrecipient Monitoring Plan Initiative

The Office of Grants and Federal Resources (GFR) requested Subrecipient Monitoring Plans of all State agencies who sub-award grant funding in order to:

- ❖ Support Uniform Guidance's requirement
- ❖ Assist in the completion of a Statewide Audit Clearinghouse
- ❖ Reduce the State's Annual Single Audit Report findings, as they pertain to grants per the E.O (2013-09) that created GFR
- ❖ Reduce the burden placed on subrecipients of State agencies

Purpose of Request

- ❖ Subrecipient monitoring plans submitted to GFR annually will be the foundation of the Annual Statewide Grant Monitoring Plan
- ❖ Combine all State Agencies' plans into one large master plan, which will identify and report on state agency:
 1. Subawards;
 2. Subrecipients scheduled for site visits; and
 3. Status of current monitoring activities.
- ❖ Facilitate collaboration amongst State agencies with the same subrecipients

Background of Request

- ❖ August 2018:
 - ❖ GFR sent email with first request for Arizona state agency's subrecipient monitoring plans due October 2018 then every May 31 each year after
 - ❖ Hosted a webinar for the announcement
- ❖ October 2018: Received 3 "plans" out of an estimated 30-35



Response from Agencies

- ❖ “We don’t do it and we didn’t want you guys to find out”
- ❖ “We didn’t want to get in trouble for not having one....so we didn’t answer”
- ❖ “I saw that email”
- ❖ “I don’t know what a subrecipient monitoring plan looks like or how to create it”

Revised the Plan

❖ New Plan:

- ❖ Created a template for State agencies
- ❖ Created a weighted risk-assessment template
- ❖ Created a “check-list”
- ❖ Hosted an additional webinar

❖ Lessons Learned:

- ❖ Multiple communications sent to stakeholders are necessary
- ❖ Don't assume everyone knows what you are requesting
- ❖ Don't have two due dates for an annual plan

What the Plan must include

Plan must include the following:

- ❖ Summary Information
 - ❖ Agency name, division, department, grant program name
 - ❖ Total number of subawards, number of subawards monitored
 - ❖ Total funding, program period
- ❖ Administrative information
 - ❖ Grant program, subrecipient, project name
 - ❖ Program address, city, state, zip code
 - ❖ Contact name, phone number, email
- ❖ Risk Assessment Data
 - ❖ Risk assessment results
 - ❖ Method of monitoring
 - ❖ Substantive, intensive communication (email/telephone)
 - ❖ Desk review
 - ❖ Site visit
 - ❖ include schedule/date for conducting any site visit

Arizona Statewide Subrecipient Monitoring Plan

GFR is responsible for:

1. Posting the State of Arizona's Annual Statewide Grant Monitoring Plan to the eCivis Organizational Documents section within the Organization Library.
 - ❖ Facilitate collaboration and coordination amongst other agencies who may be monitoring the same subrecipients throughout the course of the year ensuring that subrecipients are not burdened with multiple or unnecessary visits.
2. Coordinating quarterly updates with each state agency to capture any plan changes, trends, or best practices.
3. Publishing all changes to the Statewide Annual Grant Monitoring Plan.

References

Uniformed Guidance:

- §200.330: Subrecipient and contractor determinations
 - Department of Justice, Office of Justice Programs: [Subrecipient Vs Contractor Check List](#)
- §200.331: Requirements for pass-through entities
- §200.338: Remedies for non compliance

AGA Links:

- [Subrecipient vs. Contractor Check List](#)
- [Risk Assessment Tool](#)
- [Subrecipient Monitoring and Self-Assessment Guide](#)

Office of Grants and Federal Resources:

- [GFR's Website: Subrecipient Monitoring Plans](#)
- [Grants Managers Manual](#)

Contact Information

Anna Haney,
Senior Program Manager

Anna.haney@azdoa.gov

602-542-7015

Veronica Peralta,
Program Manager

Veronica.peralta@azdoa.gov

602-542-7537

GFR Website:
www.grants.az.gov