



City of Dallas

2021 Technical Assistance Workshop for Federal Grant Programs

**Subrecipient Monitoring
Requirements
June 29, 2021**

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Presentation Overview



- Why do We Care
- Subrecipient –vs- Contractor
- What is Monitoring
- Monitoring Requirements
- Best Practices
- Communication
- Things to Remember



Why Do We Care?



Frequently, Government Agencies, Institutions of Higher Education and Non-Profits receive Federal funds and then expend those funds through other non-governmental agencies. Those funds go to subrecipients or contractors. (The term “vendor” is no longer used in 2 CFR Part 200, Uniform Guidance).



How To Tell Them Apart



While subrecipient and subcontractor are often used interchangeably it is the nature of the relationship that determines which rules apply.

The pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. 2 CFR 200.331



Subrecipient -vs- Contractor Determination



Subrecipient: A sub-award is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the subrecipient.

- Determines who is eligible to receive what Federal assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and,
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

2 CFR 200.331(a)(1-5)



Subrecipient -vs- Contractor Determination



Contractor. A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor.

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and,
- Is not subject to compliance requirements.

2 CFR 200.331(b)(1-5)



What is Monitoring?



- Monitoring is a review process used in determining subrecipient compliance with the requirements of the grant and applicable laws and regulations and measuring results toward stated goals and outcomes.
- Monitoring includes an assessment of data and documentation kept by the subrecipient, information obtained in interviews and information obtained through observation.



What is Monitoring?



- Monitoring activities determines the subrecipients level of compliance with Funder Expectations, and identifies areas that may need operational changes.
- Monitoring is also used to determine if financial and programmatic systems are adequate to account for funds in accordance with standard internal accounting policies and procedures.



Monitoring Requirements



- The Non-Federal Entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. 2 CFR 200.329(a)
- At the time of the subaward, identifying to the subrecipient the following:
 - (1) Subrecipient name;
 - (2) Subrecipient unique entity identifier;
 - (3) Federal Award Identification Number (FAIN);
 - (4) federal award date;
 - (5) Subaward Period of Performance Start and End Date;
 - (6) Subaward Budget Period Start and End Date;
 - (7) Amount of federal funds obligated to the subrecipient;
 - (8) Total amount of all awards to subrecipient;
 - (9) Total amount of Federal award committed to the subrecipient;
 - (10) Federal award project description;
 - (11) Name of Federal awarding agency, pass-through entity, contact information for awarding official;
 - (12) Assisting Listing number and title;
 - (13) Identification of whether the award is R&D and
 - (14) Indirect cost rate for the federal award

2CFR 200.332(a)



Monitoring Requirements



- Subrecipient Audits –Ensuring that subrecipients expending \$750,000 or more in Federal awards during the subrecipient’s fiscal year have had a single audit in accordance with 2 CFR 200.514
 - Completed within 9 months of the end of the subrecipient’s audit period
 - Issue a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report
 - Ensure that the subrecipient takes timely and appropriate corrective action on all audit finding



What Does Monitoring Require?



- Reviewing financial and performance reports required by the pass-through entity.
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means.
- Issuing a management decision for applicable audit findings pertaining only to the Federal award.
- Resolving audit findings specifically related to the subrecipient.



Requirements of a Pass-Through Entity



All pass-through entities must:

- Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate level of subrecipient monitoring. **Consider the following:**

(1) The subrecipient's prior experience with the same or similar subawards;



Requirements of a Pass-Through Entity



- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of 2 CFR 200, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).



My Subrecipient is having issues



What can you do?

- Provide subrecipients with training and technical assistance on program-related matters;
- Perform on-site reviews of the subrecipient's program operations; and,
- Arrange for agreed-upon-procedures engagements to monitor subrecipients (in accordance with subpart D, §200.331-333)



Monitoring Best Practices



1. Read and understand the subrecipient agreement.
2. Establish the proper point of contact with the subrecipient and method of communication.
3. Keep track of the subrecipient's progress and expenses.
4. Communicate issues in a timely manner.
5. Escalate your communication if the subrecipient is not meeting the terms and conditions of the award.
6. Start thinking about monitoring at the beginning and include a monitoring clause in the award agreement.



Monitoring Best Practices



Certain trends should be a red flag:

- A subrecipient consistently bills for 1/12 of the award budget each month; however, the progress reports do not support the level of expenses.
- Progress report indicates the subrecipient is performing work, but they have not submitted invoices.
- Mandatory cost sharing/match commitments are not accounted for on the invoice.
- Invoice dates are not in line with the subaward performance period.



Examples of Supporting Documentation



Expense Type	Required Documentation
Salaries	Personal Activity Reports, Timesheets
Travel	Copies of receipts/invoices or Per diem rate used, Name of Traveler, location, purpose, dates of travel, flight information, is it reasonable?
Contracts	Invoices, procurement processes
Equipment	Guidelines in 2 CFR 200.313 physical inventory
Miscellaneous Expenses	Copies of receipts and invoices



Communicate With Your Subrecipients



Staying informed is critical to a good relationship and solid grant performance.

- Use the telephone to communicate.



- Use email to document anything relevant to the grant.



- Stay on top of activities, program difficulties and personnel changes.



Things to Remember



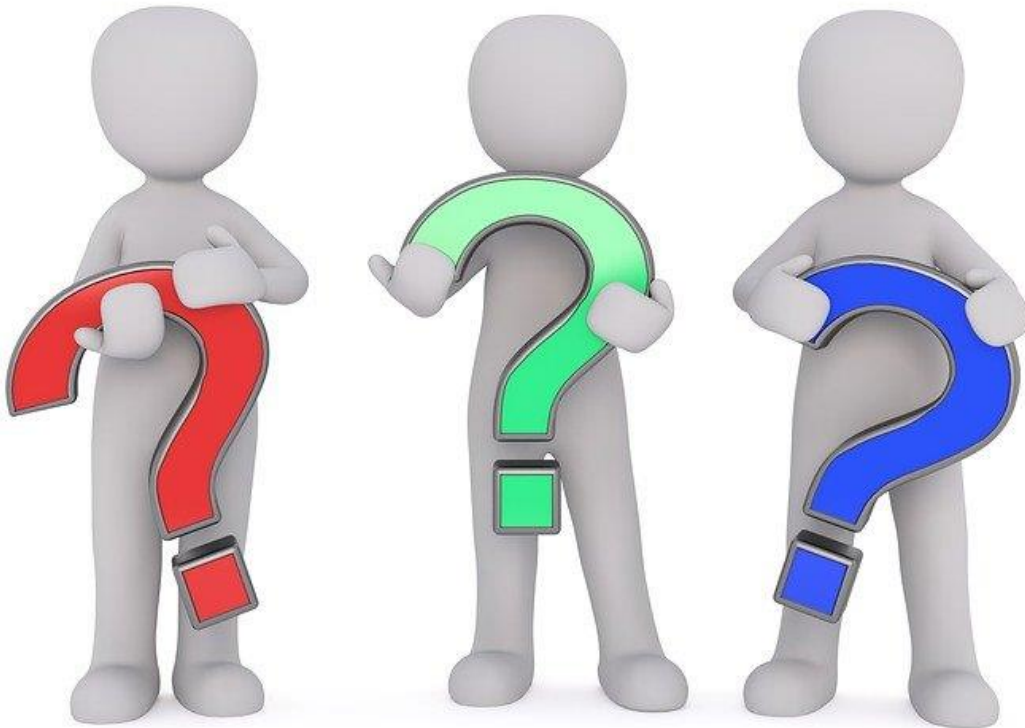
- Monitoring subrecipients provides greater assurance that the funds will be spent legally, effectively and efficiently.
- Monitoring is required by Regulation when passing thru Federal funds.
- Develop a methodology for risk assessments and monitoring plans that can be fairly applied and adequately supported.
- When necessary, implement a Corrective Action Plan and document the follow up.
- Subrecipients play a significant role in the effective implementation of many programs administered by non-federal entities.
- To ensure that Federal funds awarded achieve their intended purposes, it is important for grantees to competently oversee the process from the award stage through closeout.
- Establishing comprehensive policies and procedures that incorporate the provisions of 2 CFR Part 200 as well as program-specific requirements.





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