

Subrecipient Monitoring Guide

Governor's Emergency Education Relief Fund (GEER)

[The Coronavirus Response and Relief Supplemental Appropriation \(CRRSA\) | Governor's Office of Planning and Budget \(georgia.gov\)](#)

Purpose

The Governor's Office of Planning and Budget (OPB) is responsible for monitoring its subrecipients for compliance with applicable federal and state guidelines, and to determine if subrecipients are providing services outlined in their grant applications and in accordance with the Grant Agreement, established program policies and procedures. OPB accomplishes monitoring objectives through a variety of techniques, including risk assessments, reviewing reports, reviewing policies, conducting desk reviews, and in-person site visits to subrecipient agencies.

The Subrecipient Monitoring Guide will:

- Ensure that fiscal accountability and programmatic integrity are maintained;
- Ensure that projects initiated by subrecipients are carried out in a manner consistent with the subrecipient's stated implementation plan;
- Identify and resolve problems that may impede effective project implementation;
- Collect data to provide comprehensive fiscal information and specified progress reports to the federal or state granting agency; and
- Provide consultation and technical assistance to the subrecipient.

If a project is underperforming per stated objectives or established guidelines, OPB Grants Division may require the grantee to make adjustments and improvements to the project. By monitoring projects, OPB not only helps identify technical assistance issues, but demonstrates good stewardship of federal and state funds, and fulfills the responsibilities required of state administering agencies.

Reason for Subrecipient Monitoring

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) ("Uniform Guidance"), specifically [§200.331](#), requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level. Pass-through entities are then required to monitor the activities of subrecipient organizations to ensure that their respective subawards are in compliance with applicable federal statutes and regulations, the terms of the subaward, and to verify that subrecipients are audited as required by Subpart F of the federal Uniform Guidance.

2 CFR 200.331 requires that pass-through entities monitor the activities of the

subrecipient as necessary to ensure that the sub-agreement is used for authorized purposes. This is done by 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 pertaining to the federal award, and issuing a management decision for audit findings pertaining to the Federal award.

Definitions

Amber Road: Similar to SAM. Used by OPB to check for debarred entities and individuals.

Designee: An authorized individual designated by the subrecipient with authority to sign legal agreements, submit budgets and updates, complete reporting, and request payment for allowable expenses.

Federal Audit Clearinghouse: Division of the Office of Management and Budget (OMB) that collects information on Single Audit (formerly A-133) results.

Pass-through entity: Non-federal entity that provides a federal award to a subrecipient to carry out a federal program; sometimes referred to as the “prime” or “lead” organization.

Subrecipient: If the recipient is providing funds to the individual or entity for the purpose of carrying out a program or project on behalf of the recipient, the individual or entity is acting as a **subrecipient**. Acting as a subrecipient, the individual or entity is subject to subrecipient monitoring and reporting requirements. Subrecipient is the legal entity that is eligible to receive a financial award to which a sub-agreement is made and is accountable for the use of the funds provided in carrying out a portion of work under a sponsored project. A subrecipient’s performance is measured against whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services. A subrecipient ([Uniform Guidance 2 CFR 200 Subpart A §200.93 Subrecipient](#)) is a nonfederal entity that receives a subaward from a pass-through entity to carry out part of a federal program.

Beneficiary: If the recipient is providing funds to the individual or entity for the purpose of directly benefitting the individual or entity as a result of experiencing a public health impact or negative economic impact of the pandemic, the individual or entity is acting as a beneficiary. Acting as a beneficiary, the individual or entity is not subject to subrecipient monitoring and reporting requirements. (ARPA FINAL RULE)

Contractor (Vendor): Organization that provides goods and services within normal business operations. Contractors (vendors) provide similar goods and services to a variety of purchasers, operate in a competitive environment, and provide goods or services that

are ancillary to the operation of the sponsored program. Please see [Checklist to Determine Sub-recipient Contractor Involvement](#) to help determine if you are dealing with a Subrecipient or Vendor.

Risk Assessment Questionnaire: OPB performs a risk analysis to evaluate the likelihood of whether a subrecipient will fail to comply with the requirements of the award agreement. This risk analysis is handled by OBP during the sub-agreement issuance process and is monitored during the term of the performance period by the PI and their assigned Grant Specialist administrators. The criteria used in evaluating risk include the subrecipient's audit experience, the prior oversight and monitoring the subrecipient has received, the nature and complexity of the proposed research project, and the fiscal maturity of the subrecipient.

Single Audit: Single Audit, previously known as the OMB Circular A-133 audit, is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year.

Subrecipient Monitoring: Includes activities undertaken by OPB to review the completion of the scope of work and the financial oversight of the funds that were awarded to the subrecipient. As the pass-through entity, OPB must monitor the activities of subrecipients to ensure that the sub-agreement:

- Is used for authorized purposes;
- Is in compliance with federal statutes and regulations;
- Follows the terms and conditions of the sub-agreement; and
- Achieves performance goals.

System for Award Management (SAM): Official U.S. government supplier database used to register suppliers in order to do business with the U.S government. This database is used to search for entity exclusion records before grants are awarded (domestic subs). <https://www.sam.gov/SAM/>

Uniform Guidance: OMB publication entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ([2 CFR 200](#)).

[Uniform Guidance Requirements Related to Monitoring \(2 CFR Chapter I, Chapter II, Part 200 et al.\):](#)

200.331 d.1-3

(d) 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 that subaward performance goals are achieved. Pass-through

entity monitoring of the subrecipient must include:

(1) *Reviewing financial and performance reports required by the pass-through entity.*

(2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*

(3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.*

- i. The type of monitoring utilized should depend on risk, but also take into consideration the dollar amount and past performance or experience with the entity, if applicable.

Monitoring Process Overview

OBP uses monitoring components to ensure that federal awards are administered in compliance with all federal and state regulations, laws, and terms and conditions grant agreements. Each monitoring component is designed ensure that every subrecipient has the necessary policies in place to enable it to effectively and ethically participation in the grant. Monitoring types include: Risk Assessments, Ongoing Monitoring, Desk Reviews, Enhanced Programmatic Desk Reviews, and Site Visits.

Every Subrecipient will receive pre-award and ongoing post-award monitoring that includes the following:

1. Completion of Risk Assessments with each competitive and non-competitive grant process;
2. Detailed review of agency, project budget, performance measures, and staff personnel during the application process;
3. Review of legal documents, as appropriate, during the application process for an organization;
4. Detailed review of Financial Request(s) and Progress Report(s); and
5. Follow up and technical assistance by phone and/or email for any issues identified during any monitoring step.

System for Award Management (SAM)

Subrecipients must be registered in SAM and must have an active UEI number. As part of the sub-recipient monitoring profile document, subrecipients must verify that they are not debarred or suspended. All awardees must certify to suspension and debarment during the signing of the grant agreement, “terms and conditions (T&C). All subrecipient debarment is

checked throughout the monitoring process to ensure they do not become debarred or suspended throughout the process.

Financials and Audit Documentation

OPB will review the subrecipients audit information in the Audit Clearinghouse, if available. If the audit is not available or has findings, OPB will request their A-133 audit or their financial statements.

Risk Assessment

Completing Risk Assessments in conjunction with the grant application creates a proactive system to ensure programmatic and fiscal success of all subrecipients. It is an acknowledgement that some may need additional assistance to implement an effective project and remain in compliance with federal regulations. The assignment of risk can change throughout the grant period, depending on changing circumstances. The risk assessment should not be viewed as a pejorative or punitive system, but as a tool to create a high functioning program. This risk assessment will indicate the urgency of which an on-site visit is necessary or if less intensive scrutiny would suffice.

The Risk Assessments:

1. Completed on a pre-award basis.
2. Risk classifications (tiers) are assigned after the completion of each risk assessment.
3. Risk classifications (tiers) will determine the level and frequency of post-award monitoring.
4. The outcome of the risk assessments may result in Special Conditions on the Grant Agreement(s) or monitoring process.

Scoring Methodology

A subaward with another state agency should be considered as low risk as the agency is carrying out a project on behalf of the State. Subrecipient risk is determined by program based on predetermined metrics to include:

- Award amount;
- Subrecipient single audit reports identify weaknesses that could affect the program;
- Subrecipient's experience with the program;
- The complexity of program requirements;
- Financial review; and
- Subrecipient's control environment.

Processing Risk Assessments

Subrecipients will complete a Risk Assessment as follows:

1. OPB will email Risk Assessments to the subrecipient.
2. The subrecipient will complete the Risk Assessments and submit them to OPB.
3. OPB will review the assessments and assign a risk tier.
4. Once finalized, OPB will upload the Risk Assessments in the GA Grant Portal.

Assessing the Risk

Tiers of Risk

Low Risk - Subrecipient is scheduled for the following: annual desk review and programmatic meetings to occur at a minimum of quarterly.

Moderate Risk - Subrecipient is scheduled for the following: annual desk review and programmatic meetings to occur at a minimum of bimonthly.

High Risk - Subrecipient is scheduled for the following: annual desk review, monthly programmatic meetings, site visits, and EPDR, as needed. Risk Mitigation

When potential risks are identified, steps must be taken to mitigate those risks in both the issuance and administration of the affected agreement. If a subrecipient is determined to be high risk, OPB will assess the subrecipient and determine whether to proceed with that organization based on the nature of the high risk, or if additional terms are needed in the subrecipient agreement that may require additional monitoring/documentation.

If OPB determines that a subrecipient agreement will be offered to a high risk subrecipient, it will develop a plan specific to that organization and the nature of the high risk to be included under special terms and conditions of the agreement that allows for closer and frequent monitoring (e.g., quarterly financial reporting of activities, yearly assessment including but not limited to site visits).

Suggested means of reducing subaward/subcontract-related risk:

- Require that invoiced amounts are supported by acceptable documentation. Examples of acceptable documentation include receipts for purchases, vendor invoices, cancelled checks, time/attendance or payroll records, etc. Always reject invoices that do not include all necessary parts outlined in the Invoice Approval portion of this guide.
- Issue a fixed-price advanced-agreement (as opposed to cost-reimbursable) with an invoicing schedule based upon the completion of milestones/tasks.
- Upon recommendation of OPB, site visits can be scheduled to review records and observe operations, limited-scope audits of certain activities can be arranged, or third-party evaluations can be required.
- Upon award closeout, ensure that all required deliverables and documentation are received and that the final invoice is marked as such.

Policies and Procedures Review

Policies and Procedures Review Objectives

Awards are subject to conditions of fiscal, programmatic, and general administration to which the subrecipient expressly agrees in accepting the award. It is OPB's expectation that all agencies scheduled for a Policies & Procedures Review will be prepared and have available all the information requested when the review is arranged. Additional documentation may be requested at the time of the review. Failure to cooperate fully with the review process will result in written documentation of the agency's lack of compliance. The Policies and Procedures Review may include an examination of records across all open grant awards. This may be conducted in conjunction with an enhanced programmatic desk review or site visit or as a stand only request.

Financial Policies and Procedures Review

The objective of the Financial Policies and Procedures Review is to review the subrecipient's administration of funds and any required non-Federal contributions for the purpose of determining whether the recipient has an established accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing federally funded programs in compliance with applicable laws and regulations.

- a. OPB will email the subrecipient a Financial Policies & Procedures Review notification letter.
- b. Subrecipients will be instructed to submit a series of documents that verify the information entered on the tool for assessing risk and demonstrate compliance with grant requirements.
- c. OPB grant staff will review the submitted documents and ask for further documents or explanations as needed. A phone interview may be arranged to supplement the review.
- d. After a thorough review of the supporting documents, OPB grant staff will either:
 - i. Request a follow-up plan to meet grant requirements;
 - or
 - ii. Submitted documents will be kept on file as part of the subaward record for six years following the termination of the agreement.

Processing Financial Policy and Procedure Review: the following items are examples of what

OPB will be looking for the following in the **review**:

- a) Financial Management (2 CFR 200.302)
 - i) Federal awards are tracked separately and can be identified in the subrecipient's accounting records (2 CFR 200.302 b.1).
 - ii) Cash Management (2 CFR 200.302 b.6)

- b) Travel policy (2 CFR 200.474 a.)
 - i) Costs are reasonable and consistent with entity's established travel policy
 - ii) If no policy is kept, they must be consistent with rates under 5 USC 5701-11 or 48 CFR 31.205-46(a).

- c) Procurement policy (2 CFR 200.318): Written policies documenting the means for how goods or services are acquired. Reference 2 CFR § 200.318(a). State agencies should follow Procurements by States under § 200.317.
 - i) Ensure proper method of procurement utilized (2 CFR 200.320).
 - ii) Require quotes to ensure procurement policies are followed and documentation of the quotes
 - iii) Require debarment search results for purchases exceeding \$25,000.
 - iv) Track any equipment that costs over \$5,000 (2 CFR 200.313 i).

- d) Compensation (2 CFR 200.430)
 - i) Require time and effort documentation for the reimbursement of personnel expenses

Ongoing Monitoring

The continuous process of reviewing invoices and documentation by OPB staff, providing training and technical assistance, and reviewing performance and financial reports throughout the period of performance.

Ongoing monitoring may include the following elements:

1. Provide training and technical assistance throughout the period of performance (2 CFR 200.331 e.1).
 - a. Educate subrecipients on grant guidelines and Uniform Guidance requirements.
 - b. Host workshops prior to or throughout the period of performance to educate subrecipients.
 - c. Invite subrecipients to train or webinars pertinent to the subaward.

2. Invoices and supporting documentation are reviewed by programmatic and financial staff to

ensure costs claimed are:

- i. Are allowable (2 CFR 200.403), reasonable (2 CFR 200.404), and allocable (2 CFR 200.405);
- ii. Are necessary and reasonable for the performance of both the subrecipient agreement and the federal award;
- iii. Are allocated and consistent with the benefit received;
- iv. Meet the requirements of the Uniform Guidance and the Federal award;
- v. Are consistent with policies and procedures of the subrecipient;
- vi. Are identified as direct or indirect and applied consistently;
- vii. Are in accordance with GAAP;
- viii. Are not used to meet cost sharing or matching requirements of any other federally financed program;
- ix. Are ordinary and necessary for operation or performance;
- x. Are comparable to other similar cost rates for the geographical area;
- xi. Were accrued pursuant to the proper procurement method or similar bids or quotes were obtained;
- xii. Fall within the established practices and policies of the subrecipient;
- xiii. Assign any goods or services involved to a specific project or cost objective;
- xiv. Calculate Indirect Cost rates correctly; (Where Indirect Costs are applicable);
- xv. Do not include any costs charged to the project due to budget restrictions or limitations of other Federal awards;
- xvi. Represent actual costs and not budgeted or projected amounts; and
- xvii. Include supporting records clearly indicating the distribution of all employee salaries or wages to specific eligible activities or cost objectives if the any employee performs work on more than one funding objective.

Program/Financial Report Verification

Review performance and financial reports (2 CFR 200.328)

- a. Ensure performance goals are being achieved.
- b. Ensure reports are submitted on time.
- c. Ensure reports are in line with award objectives.
- d. Ensure performance reports are complete and reasonable.

Performance reports should include:

- a. Comparison of actual accomplishments to the objectives established by the federal award;
- b. Calculation of the cost related to units of accomplishment;
- c. Reasons why established goals were not met;
- d. Explanations, if applicable, of high unit costs or cost overruns;

- e. Significant developments, problems, delays, and adverse conditions; and/or
- f. Favorable developments.

Desk Review (offsite) Monitoring

OPB will perform a remote review of financial records and analysis of financial and programmatic information, either together or separately. Financial and programmatic data is reviewed by OPB and may consist of communication by e-mail, mail, teleconference, or video conference.

Desk Review monitoring may include the following elements:

1. Pre-Monitoring work

- a. Obtain a copy of the subrecipient agreement on file.
- b. Obtain copies of items collected in ongoing monitoring, such as, vouchers, invoices, monthly reports, and other back-up documentation for payments made to the subrecipient.
- c. Review federal grant award notice, terms and conditions, programmatic requirements, and compliance supplement for any additional financial and programmatic requirements.
- d. Review files/notes from prior monitoring.
- e. Determine if program and financial monitoring will be done together or separately.
- f. Notify the subrecipient of the upcoming desk review.

2. Monitoring Review of information collected

- a. Collect all pre-visit data, copy of agreement, payments, and other documentation to be reviewed.
- b. Schedule a meeting of grants division to review the information submitted by the subrecipient in response to the request.
- c. Have an analysis tool or checklist for all staff members to make notes as the information from the subrecipient is reviewed.
- d. OPB will follow up with the subrecipient following the meeting for:
 - i. Missing information originally requested;
 - ii. Explanations for areas where OPB is unclear about what the subrecipient provided; and
 - iii. Additional items needed as a result of the review.

3. Final Analysis

Upon completion of the desk review, staff involved in the monitoring should:

- a. Decide course of action to address any issues of non-compliance.
- b. Decide on additional monitoring, if needed.

- c. Develop a plan of action if additional monitoring is needed.
- d. Consider taking enforcement action described in 2 CFR 200.338.
- e. Management decisions may be issued for audit findings as described in 2 CFR 200.521.
- f. Consider whether the state agencies or subrecipient records or financial reports need to be adjusted.
- g. end the subrecipient notice the monitoring has been completed.
- h. Include corrective action plan for areas of noncompliance;
- i. Include recommendations for areas where performance can be improved; and/or
- j. Communicate additional monitoring planned, if applicable.
- k. Assemble a monitoring file and compile all documentation for the monitoring visit and retain in accordance with the state/federal guidance on records retention.

Onsite Programmatic Review

A visit may be prompted by one or more of the following: routine time for a visit based on the subrecipient's risk assessment score, concerns within the agency, either as reported to the grant monitor by the agency or other parties, and or a request for a site visit by the subrecipient. Prior to the scheduled, on-site visit, OPB may convene a structured telephone interview with the director or project manager.