

Subrecipient Monitoring Sample Procedures

ENTITY NAME takes a risk-based approach to subrecipient monitoring, focusing monitoring efforts more frequently on those subrecipients who are deemed to pose a greater risk for potential non-compliance.

Key employees related to the given program will be identified (program managers, finance staff, etc) and responsibility for the following actions will be allocated to the appropriate key individuals.

- Prior to issuing a subaward, a risk assessment of the subrecipient will be performed to determine what measures (e.g. additional monitoring procedures, special terms and conditions) need to be taken to establish appropriate monitoring procedures. Documentation of the risk assessment will be maintained in the grant file.
- Verify that subrecipients if applicable, are audited as required by the Audit Requirements in the Uniform Guidance and will review the subrecipients' audit reports to assess audit findings, if any.
- Verify that the subrecipient have not been debarred or suspended from receiving federal funds.
- For subrecipients deemed to require closer monitoring, consider imposing additional award conditions as needed. The award conditions may include the following:
 - Not allowing advance payments
 - Withholding authority to proceed to the next phase until evidence of acceptable performance within a given period of performance is received
 - Requiring additional, more detailed financial reports
 - Requiring additional project monitoring
 - Requiring attendance at technical or management assistance training
 - Establishing additional prior approvals.

Key personnel should use the following subrecipient monitoring procedures when appropriate:

- Key personnel should communicate regularly with subrecipient and review progress/programmatic reports or other specified deliverables on a timely basis to ensure the subaward funds are being used for authorized purposes and that performance goals are being achieved. Any issues should be investigated, documented, and resolved by the Program Managers.
- Key personnel should perform an expense to budget comparison for cost- reimbursement subawards. The subrecipient's invoices are generally required to show both current period and cumulative expenses.
- Key personnel are responsible for reviewing and documenting the review of financial reports and invoices received from the subrecipient to ensure that they are in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.
- Key personnel are responsible for verifying that the subrecipient is adequately meeting any cost sharing commitments made under the terms of the subaward and that the subrecipient's indirect costs as charged are in compliance with the indirect cost rate specified in the subaward.
- Key personnel should request that the subrecipient provide clarification of invoiced charges that appear unusual,

excessive, or otherwise questionable. Key personnel may request detailed justification to verify the costs are allowable.

- Subrecipients not subject to the Audit Requirements in the Uniform Guidance (non-federal entities that expend less than \$750,000 in Federal awards during their fiscal year) may require additional monitoring to ensure compliance. For subrecipients identified as requiring closer scrutiny, Program Managers should work with the subrecipient to establish additional channels of communication and monitoring method. Subrecipient monitoring plans should be developed as appropriate. Examples of additional monitoring steps include the following:
 - Conducting site visits to review administrative operations, observe programmatic operations and project performance
 - Imposing restriction on budget categories, rebudgeting and carry forward of funds
 - Requiring more detailed financial reports
 - Requesting Payroll records
 - Reimbursement based upon receipt of detailed invoices with supporting back up documentation
- Key personnel should communicate with the subrecipient regarding any change in expectations of performance of work, payment terms, change in key personnel, reporting requirements, budgeting, deliverables, etc.
- Key personnel are responsible for following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies provided to the subrecipient directly related to prime awards detected through audits, on-site reviews, and other means.