

DFAC - GRANT SUBRECIPIENT MONITORING PROCEDURES – FEDERAL PROGRAMS

(Sample Procedure)

Grant Subrecipient Monitoring Procedures – Federal Programs

In the event the district disperses federal funds received through a federal award to other entities and assigns responsibilities to the outside entity to conduct a portion of the work, the district shall be responsible for determining, on a case-by-case basis, whether the agreement with such entity places the outside entity in the role of a subrecipient receiving a subaward of federal funding, or the role of a contractor.

If the district grants subawards of federal funding to other entities as subrecipients, the district shall be responsible for:

1. Evaluating the entity for risk of noncompliance to determine appropriate monitoring practices.
2. Monitoring the subrecipient entity's implementation to ensure compliance with federal, state, and local laws, conditions of the federal funding award, and board policy and procedures.
3. Notifying the subrecipient entity of identified deficiencies found during the monitoring process and ensuring that identified deficiencies are corrected.
4. Documenting and retaining records on subrecipient identification, notification, evaluation, monitoring, and corrective actions taken.

Definitions

For purposes of policies and procedures related to federal programs, the following definitions shall apply:

Contract – a legal instrument by which a non-federal entity conducts procurement transactions under a federal award. The term as used here does not include a legal instrument, even if the entity considers it a contract, when the substance of the transaction meets the definition of a federal program award or subaward. (2 CFR 200.1)

Contractor – an entity that receives a contract, by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. (2 CFR 200.1)

Pass-through entity – a recipient or subrecipient that provides a subaward to a subrecipient Including lower tier subrecipients to carry out part of a federal program. The authority of the pass-through entity under this part flows through the subaward agreement between the pass-through entity and subrecipient. (2 CFR 200.41)

Subaward – an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a federal award received by the pass-through entity. It does not include payments to a contractor beneficiary, participant. A subaward may be provided through any form of legal agreement consistent with criteria in with §200.331, including an agreement the pass-through entity considers a contract. (2 CFR 200.1)

Subrecipient – an entity that receives a subaward from a pass-through entity to carry out part of a federal program. The term subrecipient does not include a beneficiary participant. (A subrecipient may also be a recipient of other federal awards directly from a federal agency.) (2 CFR 200.1)

Subrecipient Versus Contractor

The district must determine, on a case-by-case basis, whether an entity receiving funds from the district as part of a federal funding program serves in a role of subrecipient or contractor. (2 CFR 200.331)

The ☐ Superintendent ☐ Federal Programs Coordinator ☐ Business Manager
☐ other

_____ shall be responsible for analyzing the criteria listed in the chart below. The _____ may consult with the board's legal counsel or other qualified counsel in making such determination.

Subrecipient	Contractor
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Creates a Federal assistance relationship	Purpose is to obtain goods and services for the recipient or subrecipient use and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether the objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the implementation of a Federal program; and
Implements 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 (PTE)	Is not subject to compliance requirements of a Federal program as a result of the agreement.,However, similar requirements may apply for other reasons

The district shall notify subrecipients that they have been identified as a subrecipient and that the funding qualifies as a subaward. The district shall provide the subrecipient with the following information as specified at 2 CFR Sec. 200.(b) regarding the federal funding award, and any subsequent changes,

Required information includes:

1.Federal -award -identification

- i. Subrecipient's name (-must match the name associated with its unique entity identifier);
 - ii. Subrecipient's unique entity identifier;
 - iii. Federal Award Identification Number (FAIN);
 - iv. Federal Award Date;
 - v. Subaward Period of Performance Start and End Date;
 - vi. Subaward Budget Period State and End Date;
 - vii. Amount of Federal Funds Obligated subrecipient in the subaward;
 - viii. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - ix. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - x. Federal award project description, as required the Federal Funding Accountability and Transparency Act (FFATA);
 - x.xi.-Name of the federal agency, pass-through entity, and contact information for awarding official of the pass-through entity;
- Assistance Listings title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement;

Identification of whether the award is R&D for Research and Development; and

-Indirect cost rate for the federal award (including if the de minimis rate is charged per used in accordance with §200.414).

2. All requirements of the subaward, including requirements imposed federal statutes, regulations and the terms and conditions of the federal award;
3. Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its responsibilities under the federal award. This includes information and certification (see § 200.415) required for submitting financial and performance reports that the pass-through entity must provide to the federal agency;
4. Indirect cost rate:
 - i. An approved indirect cost rate negotiated between the subrecipient and the federal government. If no such rate exists, a pass-through entity must determine the appropriate rate in collaboration with the subrecipient. The indirect cost rate may be either:
 - (A) An indirect cost rate negotiated between the pass-through entity and the subrecipient. These rates may be based on a prior negotiated rate between a different pass-through entity and the subrecipient, in which case the pass-through entity is not required to collect information justifying the rate but may elect to do so; or
 - (B) The de minimis indirect cost rate.
 - i. (ii) The pass-through entity must not require the use of the de minimis indirect cost rate if the

subrecipient has an approved indirect cost rate negotiated with the Federal Government. Subrecipient may elect to use the cost allocation method to account for indirect costs in accordance with § 200.405(d).

5. A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient's records and financial statements for the pass-through entity to fulfill its monitoring requirements; and

6. Appropriate terms and conditions concerning the closeout of the subaward.

Evaluation of Risk

The district shall evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine appropriate subrecipient monitoring practices. (2 CFR 200.332(c))

The ☐ *Superintendent* ☐ *Federal Programs Coordinator* ☐ *Business Manager* ☐ *other* or designee shall be responsible for evaluating risk based on the following factors:

1. The subrecipient's prior experience with the same or similar subawards;
2. The results of previous audits, including whether or not the subrecipient receives a single audit and the extent to which the same or similar subawards -have been audited as a major program;
3. Whether the subrecipient has new personnel, or new or substantially changed systems and processes
4. The extent and results of any federal agency monitoring.

The or designee shall request adequate documentation from the subrecipient to conduct the evaluation of risk; such documentation

may include but may not be limited to ☐ *audit reports* ☐ *financial reports* ☐ *policies and procedures* ☐ *detailed descriptions or users' guides of current systems and processes.*

The district shall evaluate subrecipients for risk of noncompliance ☐ *annually* ☐ *as specified in the legal agreement or contract.*

Based on the results of the risk evaluation, the district may consider imposing specific conditions on implementation of the subaward, in accordance with applicable law and regulations. (2 CFR 200.20, 200.33)

Monitoring

The district shall monitor the implementation and activities of each subrecipient as necessary to ensure that the subrecipient complies with law, regulations and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipients to ensure that the goals and objectives of the award are achieved.

As part of the monitoring process, the district shall complete the following steps: (2 CFR 200.331)

1. Review financial and performance reports.
2. Ensure that the subrecipient takes-corrective action on all significant development that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.

3. Issue a management decision for audit findings pertaining to the subaward provided to the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.521)
4. Resolve audit findings specifically related to the subaward. However, the pass-through entity is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant agency for audit or oversight agency for audit to perform audit follow-up and make management decisions related to cross-cutting audit findings in accordance with section § 200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

Monitoring Tools –

The ☐ *Superintendent* ☐ *Federal Programs Coordinator* ☐ *Business Manager* ☐ *other* _____ or designee shall be responsible for monitoring of subrecipients. to the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

1. Providing subrecipients with training and technical assistance on program-related matters;.
2. Performing site visits to review the subrecipient's program operations; and.

3. Arranging for agreed-upon- procedures engagements as described in (§ 200.425.)

The district shall verify that subrecipients are audited as required by applicable law and regulations.

Follow-Up Actions –

The _____ or designee shall provide subrecipients with written documentation detailing their monitoring results and listing any identified deficiencies. The district shall consider whether the results of monitoring indicate the need to revise existing district policy and procedures. (2 CFR 200.33)

The district shall require subrecipients to take immediate action on issues involving ineligible or illegal use of federal funding and notify the district of corrective action taken.

The district shall require subrecipients to develop a corrective action plan to address other identified deficiencies or noncompliance issues; such plan shall be submitted to the district

☐ *within 60 days* ☐ *as soon as possible* ☐ *as specified in the agreed-upon procedures*, and the district shall evaluate and monitor the activities taken by the subrecipient under the corrective action plan. The district may provide technical assistance and/or training to subrecipients in complying with corrective action requirements.

The _____ or designee shall maintain all documentation on monitoring of subrecipients and corrective action taken during the monitoring process.

The district shall report issues of noncompliance to the appropriate federal agency where required by law, regulations, or requirements of the federal funding program.

Remedies for Noncompliance –

When monitoring activities identify issues of noncompliance that are not addressed through corrective action, the district may take the following actions: (2 CFR 200.2, 200.339)

1. Impose specific conditions on the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.208)
2. Temporarily withhold payments, until the recipient or subrecipient takes corrective action.
3. Disallow costs for all or part of the activity-associated with the noncompliance of recipient or subrecipient.
4. Suspend or terminate the-federal award in part or in its entirety.
5. Recommend that the federal agency initiate suspension or debarment proceedings.
6. Withhold further awards or agreements for the project or program.
7. Pursue other legal remedies legally available;

Record Retention

The ☐ *Superintendent* ☐ *Federal Programs Coordinator* ☐ *Business Manager*
☐ *other*

_____ shall ensure that all documentation regarding subrecipient identification, notification, evaluation, monitoring activities, and corrective action is maintained in accordance with board policy and regulations.

Records shall be retained in accordance with applicable law, regulations, specific requirements of the federal program, and the district's policies and regulations. (2 CFR 200.334-200.)

Approved:

KASB Recommended – 6/17; 12/24