2021 Financial Assistance Workshop
Monitoring Recipients and Subrecipients

April 2021

Acquisition and Grants Office
Grants Management Division
Responsibility and Oversight

• Per §200.325 Federal awarding agency or pass-through entity review, the non-Federal entity is responsible for oversight of the operations of the award activities to assure compliance with Federal requirements and performance expectations.

• Per §200.331-333 Subrecipient Monitoring and Management, the pass-through entity is responsible for monitoring its subrecipients.

• NOAA monitors non-Federal entities through review of submitted reports, desk monitoring (i.e., calls), and site visits.
What is a Subaward?

- **Pass-through Entity (PTE)** – a non-Federal entity that provides a subaward to a subrecipient to carry out a part of the program.

- **Subaward** – an award provided by the PTE to the subrecipient which can be in the form of a legal contract or sub-grant agreement.

- **Contractor** – a non-Federal entity that provides goods or services needed to carry out the program.

- **Subrecipient/subgrantee** – a non-Federal entity that receives a subaward from a PTE to carry out part of a Federal program.
Subaward Process

Federal Awarding Agency

Pass-Through Entity

Subaward

Grant Agreement

Subrecipient

Contract

Contractor
Determining Factors for Subrecipient

- Uses funds to carry out a program for a public purpose
- Performs eligibility determinations for participants
- Performance measures required
- Must adhere to applicable program requirements
- FFATA reporting-Federal awards ($30,000 threshold)
- Additional monitoring and compliance requirements
- Naming a subrecipient in the grant application does not preclude competition process
Determining Factors for a Contractor

• Provides goods and services within a normal business operation to many different purchasers
• Normally operates in a competitive environment
• Not subject to compliance requirements of the Federal program
## Competition Requirements at 2 CFR 200.320

<table>
<thead>
<tr>
<th>Method</th>
<th>Funding Range</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-Purchase</td>
<td>&lt;$50,000</td>
<td>Equitable distribution</td>
</tr>
<tr>
<td>Simplified Acquisition</td>
<td>Micro Purchase - $250,000</td>
<td>Adequate # of quotes</td>
</tr>
<tr>
<td>Competitive</td>
<td>&gt;$250,000</td>
<td>Full &amp; open</td>
</tr>
<tr>
<td>Sole source</td>
<td>N/A</td>
<td>2 CFR 200.320 (f)</td>
</tr>
</tbody>
</table>
Pre-Award Risk Assessment

• Perform a risk assessment evaluation in conjunction with the selection process

• Check FAPIIS, SAM, and FAC
  • Use FAC to search for single audits
  • Use SAM to search for entity registration status and exclusion records
  • Check FAPIIS to see performance history and suspension and debarment information
Post-Award Risk Assessment

• Pass-through entity must evaluate risk of noncompliance with Federal (or non-Federal) requirements to:
  • Determine extent of monitoring
  • Determine frequency of monitoring
  • Determine techniques to use
• Must have a framework for evaluating risk (e.g. assessment tool with Yes/No questions or high-low scoring)
Post-Award Risk Assessment (cont.)

Factors to consider in this assessment:

• New staff
• Other Federal (or non-Federal) program monitoring
• Written policies and procedures (and staff knowledge of)
• Participation in required training/meetings
• Project budget on target (spending analysis/burn rate)
• Performance milestones met?
• Rate the risk (high, medium, low)
Subrecipient Grant Agreement

What must be included:

• Federal Award Identification Number
• All requirements imposed by the pass through entity as outlined in the terms and conditions of the Federal award
• Additional requirements for the pass-through entity to meet its responsibility (financial and performance reports)
• Due dates of performance and financial reports
Subaward Grant Agreement (cont.)

• Approved IDC rate or other negotiated rate (ex., de minimis rate)
• Access to records and financial statements by pass-through entity and auditors
• Closeout requirements
Subrecipient Monitoring

How do you get started?:

• Develop an annual monitoring plan based on assessed risk
• Provide training and technical assistance
• Desk reviews
• Onsite reviews (audit or monitoring)
Subrecipient Monitoring Results

• Hold an exit meeting with key management and staff
• Provide written report of any deficiencies, findings, etc.
• Follow-up on corrective measures taken
• Identify recurring problems and provide training
• Consider imposing additional conditions, if appropriate, such as:
  • Additional reporting
  • Reimbursement instead of advance payment
  • Additional prior approvals
Performance Reporting

Performance reports should include:

• Comparison of actual results to program objectives
• Must address each program function or activity
• Reasons for unmet goals, if applicable
• Analysis of cost overruns, if any
• Significant developments
• Timely submissions
Financial Monitoring

- The Accounting System must identify all Federal and non-Federal awards received and expended
- Must produce accurate, current, and complete disclosures of financial results of each Federal (or non-Federal) award
- Are there financial records supporting:
  - Proper authorizations
  - Obligations (encumbrances)
  - Unobligated balances
Financial Management (cont.)

Review of assets include:

• Proper safeguards in place
• Assets used for the intended purpose
• Physical inventory
• Property records, includes description, serial number, funding source, cost, acquisition date
Consequences of Noncompliance

Per §200.208(b) – Specific Conditions can include:

• Requiring payments as reimbursements rather than advance payments

• Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance

• Requiring additional, more detailed financial reports

• Requiring additional project monitoring

• Requiring the non-Federal entity to obtain technical or management assistance

• Establishing additional prior approvals
Consequences of Noncompliance (cont.)

Per §200.339 – Remedies for Noncompliance can include:

- Temporarily withhold cash payments pending correction of the deficiency
- Disallow all or part of the cost of the activity or action not in compliance
- Wholly or partly suspend or terminate the award
- Initiate suspension or debarment
- Withhold further Federal awards for the project or program
- Take other remedies that may be legally available
Most Common Compliance Issues

- Not reading and understanding Terms and Conditions
- Inadequate or nonexistent policies and procedures (i.e., lack of segregation of duties)
- Inadequate documentation
- Delinquent Single Audit submissions
- Delinquent reports
- Unallowable or unreasonable costs
- Deviating from approved application without obtaining prior approvals
Avoid Common Compliance Issues

- Adequate financial, administrative, and program management systems
- Standard operating procedures/policies
- Review award requirements frequently during the project period
- Review internal controls periodically
- Maintain thorough documentation
Goals

• To ensure adequate internal controls are in place to ensure compliance with Federal (or non-Federal) requirements and performance expectations are met
• This should be an ongoing “win-win” scenario for all stakeholders
• No surprises!
Questions?

You may also submit questions to GMD.Services@noaa.gov

Please remember to complete your surveys, and contact your respective Grants Management Specialist with any additional questions.