

NOAA

March 2020

2020 Financial Assistance Workshop

Monitoring Recipients and Subrecipients

Acquisition and Grants Office
Grants Management Division



Responsibility and Oversight

- Per §200.328, 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 §200.330-332, 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



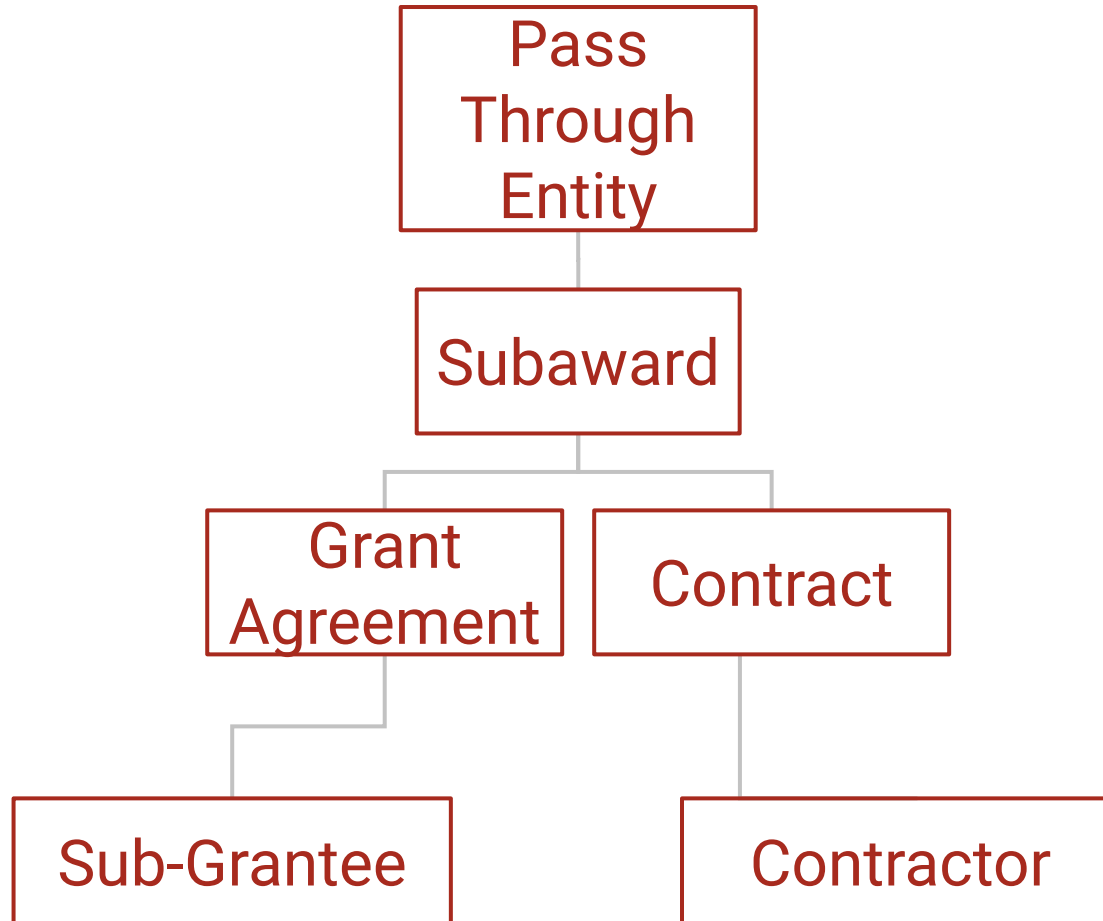
What is a Subaward?



- **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



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 (\$25,000 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

Quiz: Subrecipient OR Contractor?

- The organization determines whether a potential customer meets a program's eligibility requirement.
- The organization's performance measured on whether it meets specific deliverables.
- The pass through entity monitors the organization for compliance.
- The organization competes with other entities to provide similar goods or services.

Competition Requirements at 2 CFR 200.320

Method	Funding Range	Competition
Micro-Purchase	<\$10,000	Equitable distribution
Simplified Acquisition	\$10,000-\$250,000	Adequate # of quotes
Competitive	>\$250,000	Full & open
Sole source	N/A	2 CFR 200.320 (f)








Pre-Award Risk Assessment

- Perform a risk assessment evaluation in conjunction with the selection process.
- Factors to consider in this assessment:
 - Financial stability
 - New or modified financial systems
 - Prior experience and performance
 - Prior audit results
 - Not Suspended or Debarred!





Post-Award Risk Assessment

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- 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 (eg. 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
- Format:
- Provide training and technical assistance
- Desk reviews
- Onsite reviews (audit or monitoring)





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



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



Consequences of Non-Compliance



Per §200.207(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
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Consequences of Noncompliance








Per §200.338 – Remedies for Noncompliance can include:

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- 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
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Most Common Compliance Issues

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- 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

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- 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.

