



**NOAA**

April 2021

# 2021 Financial Assistance Workshop

## Monitoring Recipients and Subrecipients

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.





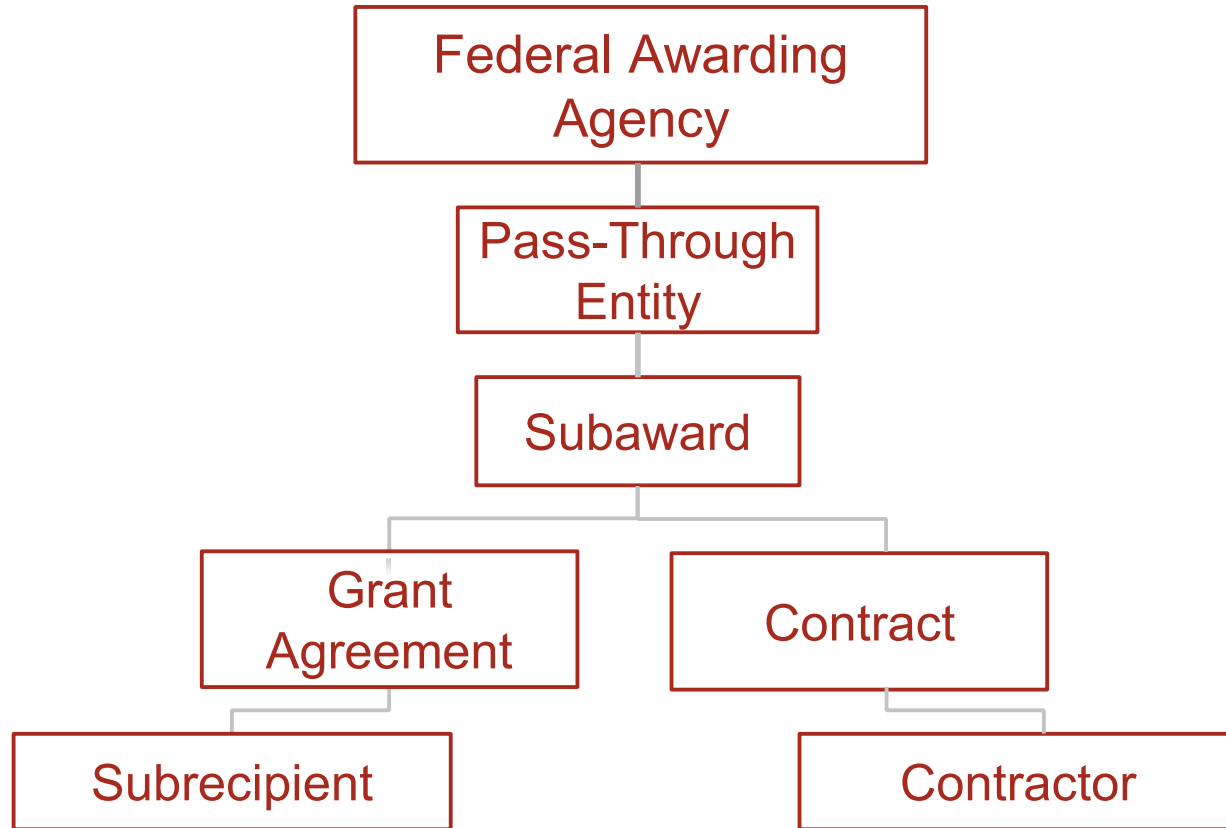
# What is a Subaward?



- **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





# 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

Method	Funding Range	Competition
Micro-Purchase	<\$50,000	Equitable distribution
Simplified Acquisition	Micro Purchase - \$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



- 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](mailto:GMD.Services@noaa.gov)**

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