Slide 1

SUBRECIPIENT MONITORING:
Understanding OPI's Responsibilities

PRESENTED BY THE OFFICE OF PROGRAM INTEGRITY

Produced by the Alabama Department of Public Health

Health Media and Communications Division

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Slide 2

Presenters

- **Debra S. Thrash, CPA, CIA, Director**
- **Darlene Cox, MBA, Senior Accountant**
- **Steve Burden, Audit Support**

Office of Program Integrity
Alabama Department of Public Health

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Slide 3

Agenda

- Introduction
  - Debra Thrash, CPA, CIA
  - Darlene Cox, MBA
  - Steve Burden
  - Recap of 1/10/2024 Training

- Audits in the News
- 2 CFR 200 – Authoritative Literature
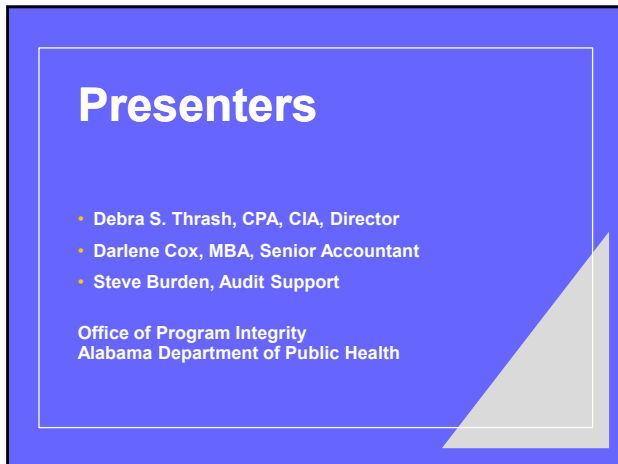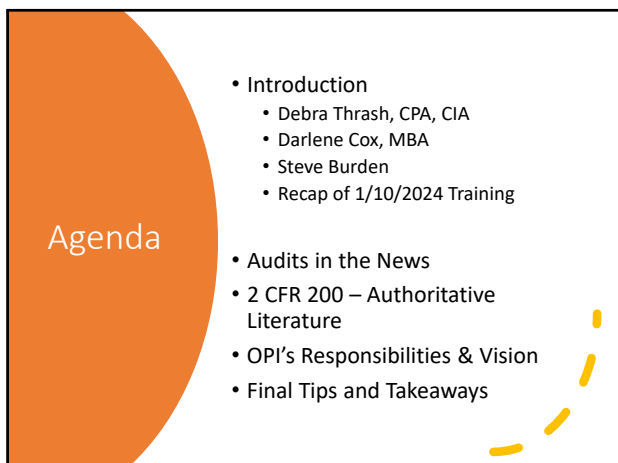- OPI's Responsibilities & Vision
- Final Tips and Takeaways

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Learning Objectives

Learn what the auditors are looking for.
Learn what has been found during OPI desk reviews.
Learn the benefits & process of desk reviews.
Learn about the authoritative source for federal grants.
Learn about federal requirements that applies to ADPH.
Learn about OPI's role in helping ADPH.
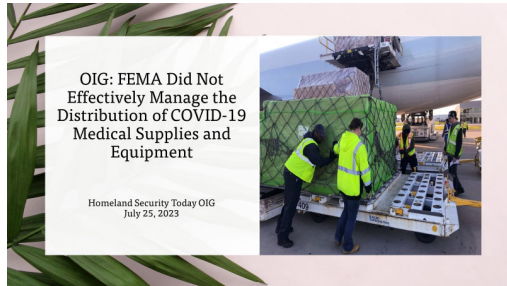
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States and Agencies
in the News

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Oklahoma Single
Audit. $29 million of
Questioned Cost. Over
80 Findings

Tulsa World Capitol News
6/27/2023

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OIG: FEMA Did Not Effectively Manage the Distribution of COVID-19 Medical Supplies and Equipment

Homeland Security Today OIG
July 25, 2023

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ARKANSAS
Legislative audit questions $106 million

Arkansas Democrat-Gazette
6/3/2023

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WASHINGTON
$1.2 Billion of Questioned Cost

Crosscut.com
7/11/2023

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What OPI has found thus far
While doing Desk Reviews

- Contracts and Grants did not have all the required elements from 2 CFR 200
- Risk Assessments not done
- Documentation could not be found for monitoring activities
- Single Audit not done
- Allocated expenses such as salaries not properly documented
- Following the terms of the contract such as monthly vs. quarterly reporting
- Incorrect payments made to subrecipients because of mathematical errors in invoices

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BENEFITS OF DESK REVIEWS

◦OPI is tasked with helping all ADPH in various ways. With Desk Reviews we help to make sure we have our programs in order. It is not a matter of if the Feds are going to visit but when the Feds are going to visit.

◦OPI's desk reviews serve to help ADPH have fewer issues with external auditors and help to show ADPH is taking proactive steps to manage federal and state funds.

◦OPI can offer technical assistance to help programs when questions come up. Sometimes it is easier to prevent a problem, than it is to clean it up after the fact.

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OPI Desk Review Checklist

Subrecipient: _____

Contract #: _____ CFDA#: _____

Contract Period: _____ Contract Amount: _____

Main Contacts (Name(s)): _____

Contact Information (Phone & Email): _____

_____

A. Contract - Section 200.332(a)(1) requires 14 pieces of information to be in the contract. Document with their respective Roman Numeral (i) through (xiv) (list on page 2) and indicate any missing: _____

B. Audit Obtained & Reviewed
- Audit exceptions/findings: _____
- Agrees with ADPH: _____

C. Notice of Awards (NOA): _____

D. SAM.gov: Checked on this date: _____ and valid through this date: _____
- Exclusions _____
- Responsibility/Qualification_____

E. Risk Management Assessment: _____

F. Inquire about monitoring reports via email using specific points from contract (types of reports Program, Financial, Other): _____

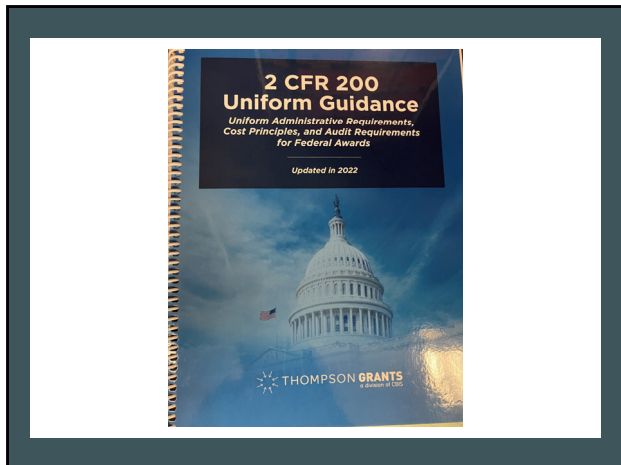G. Copy of Indirect Cost Rate (check a field Voucher for correct rate): _____

H. Payment requests and supporting detail: _____

I. Notes, Communications, Request

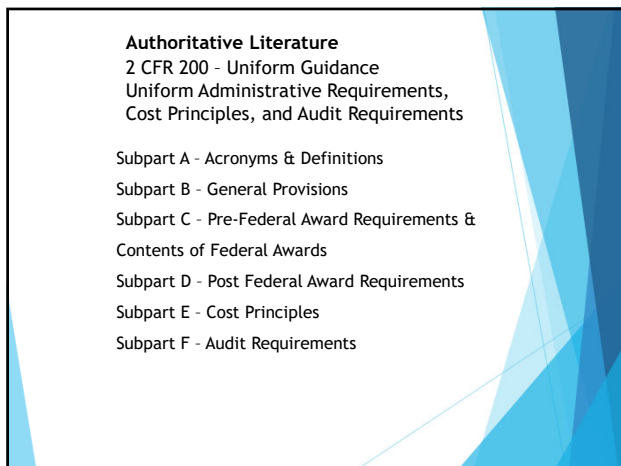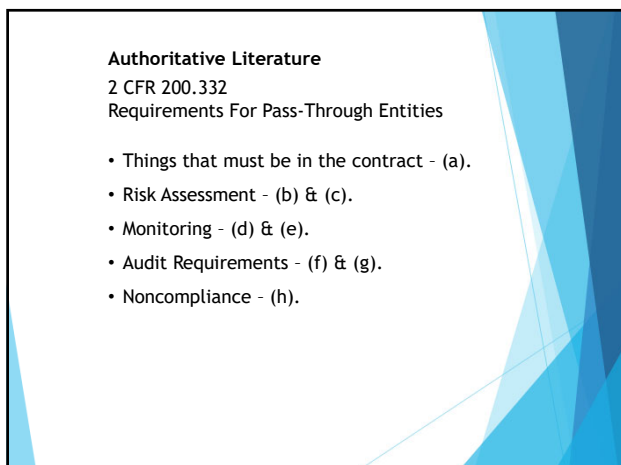Dated started _____
Dated completed _____

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Authoritative Literature
2 CFR 200 – Uniform Guidance
Uniform Administrative Requirements,
Cost Principles, and Audit Requirements

Subpart A – Acronyms & Definitions

Subpart B – General Provisions

Subpart C – Pre-Federal Award Requirements &

Contents of Federal Awards

Subpart D – Post Federal Award Requirements

Subpart E – Cost Principles

Subpart F – Audit Requirements

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Authoritative Literature
2 CFR 200.332
Requirements For Pass-Through Entities

• Things that must be in the contract – (a).

• Risk Assessment – (b) & (c).

• Monitoring – (d) & (e).

• Audit Requirements – (f) & (g).

• Noncompliance – (h).

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(Relating to question A on page 1) 2 CFR 200.332(1) Federal award identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier or DUNS#;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see the definition of *Federal award date* in § 200.1 of this part) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Subaward Budget Period Start and End Date;

(vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

(viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;

(ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

(xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;

(xiii) Identification of whether the award is R&D; and

(xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.

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Risk Assessment Elements
2 CFR 200.332 (b)-(c)
(Not intended to be an exhaustive list)

- Financial stability
- Good accounting system
- Good internal controls
- History of performance
- Audit reports and findings
- Ability to effectively implement program requirements
- Key personnel with grant experience
- Conflicts of interest
- Going concern

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OPI's Responsibilities & Vision

OPI's Statement of Authority

Independent Reviews
Unlimited Access
Reports to Management
Does not write policies or develop systems

Who is responsible for monitoring subrecipients?

Program staff

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OPI Responsibilities Cont.

Audits are inevitable. It is our goal to prepare you. We are not here to sink the ship; we are sailing in it with you.

- Desk Reviews
- Site Visits
- Audits
- Training
- Technical Assistance

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- OPI is available for technical assistance
- OPI is available for staff training
- Training Modules – Document Library under "Program Integrity"
    a. Phase 1 – Informational Training Modules – Powerpoint
        i. Subrecipient Monitoring
        ii. How a Risk Assessment & Monitoring Complement One Another
        iii. Subrecipient vs. Contractor
        iv. Federal Audit Requirements for Subrecipients
        v. What To Look for in an Audit Report
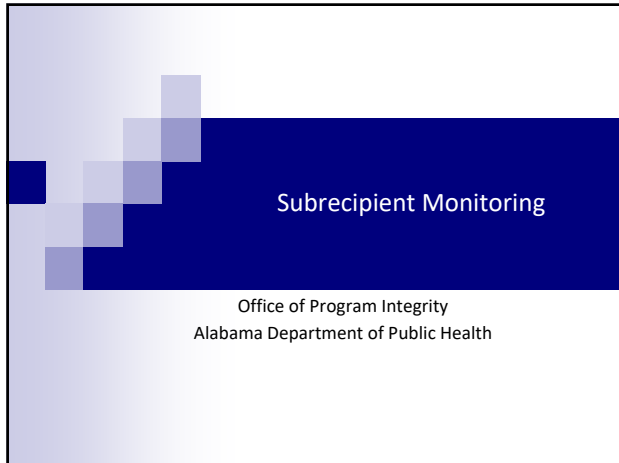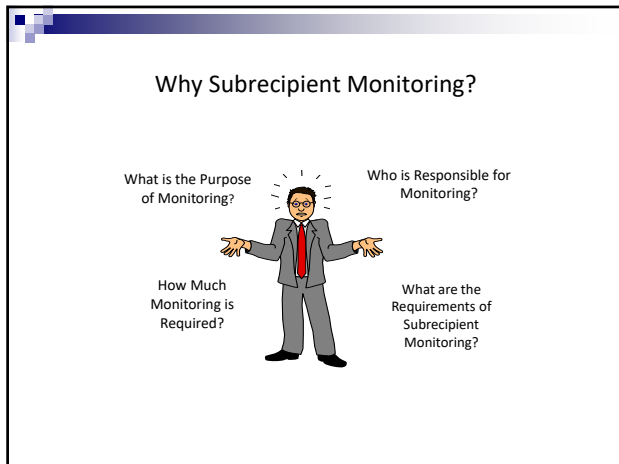   b. Phase 2 – Training Modules with voice overlay in more detail

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Following is a training, that can be found in the Document Library under Program Integrity along with four other training modules.

Click on Training/Grant Management/Monitoring dated 11/20/2023 to view training.
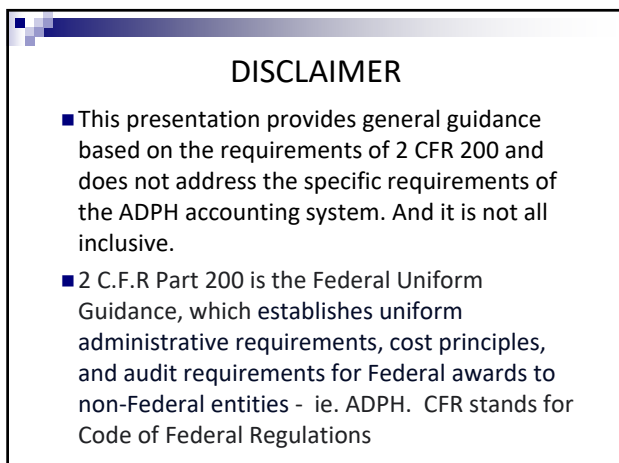
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Subrecipient Monitoring

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Why Subrecipient Monitoring?

What is the Purpose of Monitoring?

Who is Responsible for Monitoring?

How Much Monitoring is Required?

What are the Requirements of Subrecipient Monitoring?

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DISCLAIMER

- This presentation provides general guidance based on the requirements of 2 CFR 200 and does not address the specific requirements of the ADPH accounting system. And it is not all inclusive.
- 2 C.F.R Part 200 is the Federal Uniform Guidance, which establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities - ie. ADPH. CFR stands for Code of Federal Regulations

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What Is the Purpose of Monitoring?

- Monitoring - to watch, keep track of, or check usually for a special purpose
- Monitoring
  - ☐ Occurs throughout the award
  - ☐ Evaluates progress towards completion of program goals and objectives
  - ☐ Evaluates adherence to financial requirements
  - ☐ Assesses whether additional monitoring steps are needed to ensure successful completion

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Purpose of Subrecipient Monitoring

- ADPH (a.k.a. grantee, pass-through entity) is required to monitor subrecipients to ensure they are:
  - ☐ Using Federal funds for authorized purposes;
  - ☐ Complying with Federal statutes, regulations, and the terms and conditions of awards; and
  - ☐ Achieving performance goals.

  [2 CFR 200.332(d)]

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Who is Responsible for Monitoring?

- The primary responsibility for monitoring subrecipients lies with the individual programs who administer the federal funds. This means you, the program manager.
- Each program is responsible for establishing pre-award criteria.
- Each program is also responsible for monitoring post award activities. 2 CFR 200.332(d & e)

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What are the Requirements of Subrecipient Monitoring?

- Your Certification and Agreement for Funding included an assurance that you will comply with Uniform Guidance requirements [2 CFR 200.332(d)] related to subrecipient monitoring.

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What are the Requirements of Subrecipient Monitoring?

- ADPH as a grantee/pass-through entity, is required to monitor the activities of subrecipients to ensure that subawards are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, and that performance goals are achieved.

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What are the Requirements of Subrecipient Monitoring?

- Monitoring activities are spelled out in 2 CFR 200.332 (d) and (e).

Monitoring activities such as:

- 1) reviewing financial and performance reports,
- 2) following-up on any deficiencies,
- 3) following-up on any unresolved audit findings that impact the Federal award,
- 4) provide training and technical assistance as need,
- 5) perform on-site reviews and
- 6) based on assessments, either adjust monitoring or move to terminate contract.

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Examples of Monitoring

- Review of financial reports
  - Review of reimbursement requests (with support documentation)
  - Review of spending plan
- Training and TA calls count – document topic, agenda, attendees
- Site visits (required for some federal programs) – review of financial and programmatic goals and objectives
- Review of audit and other program reports
  - Follow-up on any deficiencies affecting the federal award, in writing
  - Single Audit findings must be addressed within 6-months of issuance date – seek guidance from OPI immediately

DOCUMENT – DOCUMENT - DOCUMENT

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How Much Monitoring Is Required?

- The degree of monitoring should be determined by the risk that was assessed in the beginning and by the subrecipient's level of compliance throughout the duration of the program. 2 CFR 200.332 (e)

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OFFICE OF PROGRAM INTEGRITY

- This is the end of this presentation on Subrecipient Monitoring. This presentation is not all inclusive, but if you have any questions or comments, please contact OPI at (334) 206-5312.

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Final Tips & Takeaways

- Be sure to contact OPI and Finance when you have a site visit scheduled for your program.
- Grants management training is available. Stay informed.
- Health Finance is a resource – use them.
- Ask questions, ask questions, ask questions.
- Document, document, document.
- Questions – OPIReports@adph.state.al.us

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