

No. 636

SECTION: Finances

TITLE: Grant Subrecipient Monitoring Procedures (Federal Programs)

CATASAUQUA AREA SCHOOL DISTRICT

ADOPTED: April 11, 2017

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1. Purpose	The District establishes and maintains Board policies and administrative regulations relating to its obligations 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 under the federal award.	4 5 6 7 8 9
2. Definitions	The following words and phrases, when used in this policy, shall have the meaning given to them below:	10 11 12 13
2 CFR § 200.22	Contract – means a legal instrument by which the District or other non-federal entity purchases property or services needed to carry out the project or program under a federal award. The term as used in this Policy does <i>not</i> 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.	14 15 16 17 18 19 20
2 CFR § 200.23	Contractor – mean an entity that receives a contract, as defined above. Coordinator — means the Coordinator of Instructional Technology & Federal Programs, except that with respect to federal awards relating to the District’s food service program, the term shall mean the Food Service Director.	21 22 23 24 25 26
2 CFR § 200.38	Federal award — means (1) federal financial assistance that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, (2) a cost-reimbursement contract under the Federal Acquisitions Regulations that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, and (3) the instrument setting forth the terms and conditions of the Federal award, including the grant agreement, cooperative agreement, other agreement for assistance under 2 CFR § 200.40(b) (<i>i.e.</i> , loans, loan guarantees, interest subsidies, and insurance), or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.	27 28 29 30 31 32 33 34 35 36 37 38 39 40

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2 CFR § 200.74

Pass-through entity – mean a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The District serves as a pass-through entity in cases where it awards federal funding to a subrecipient as defined in this Policy.

2 CFR § 200.92

Subaward – means an award provided by a pass-through entity to a subrecipient in order to carry out part of a federal award received by the pass-through entity. It does *not* include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

2 CFR § 200.93

Subrecipient – means a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does *not* include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

3. Guidelines

A. *Subrecipient vs. Contractor Determinations.*

2 CFR § 200.330

The District must determine, on a case-by-case basis, whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

2 CFR § 200.330(c)

The Coordinator shall be responsible for analyzing the criteria listed in the table below and evaluating the relationship with the entity to determine whether the entity is a subrecipient or a contractor. In making this determination, the *substance* of the relationship is more important than the form of the legal agreement. All of the characteristics listed in the table may not be present in all cases, and the Coordinator must use judgment in classifying each agreement as a subaward or a procurement contract. The Coordinator may consult with the District Solicitor in making such determinations.

2 CFR § 200.330(a), (b)

An entity is a **subrecipient** if:

An entity is a **contractor** if:

The agreement creates a federal assistance relationship.	The purpose of the agreement is to obtain goods and services for the District’s own use, and it creates a procurement relationship.
It determines who is eligible to receive what Federal assistance.	It provides the goods and services within normal business operations.
It has its performance measured in relation to whether objectives of a federal program were met.	It provides similar goods or services to many different purchasers.

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An entity is a **subrecipient** if: An entity is a **contractor** if:

It has responsibility for programmatic decision making.	It normally operates in a competitive environment.
It is responsible for adherence to applicable federal program requirements specified in the federal award.	It provides goods or services that are ancillary to the operation of the federal program.
In accordance with its agreement, it uses the federal funds to carry out a program for a public purpose specified in an authorizing statute, as opposed to providing goods or services for the benefit of the District.	It is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

2 CFR §
200.331(a)

B. *Identification of Subaward Status and Requirements to Subrecipient.*

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 regarding the federal funding award at the time of the subaward, and any subsequent changes in a subsequent subaward modification:

1. Federal Award Identification information, including:
 - a. Subrecipient name (which must match the name associated with its unique entity identifier);
 - b. Subrecipient's unique entity identifier;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date of award to the recipient by the federal agency (*see* 2 CFR § 200.39);
 - e. Subaward Period of Performance Start and End Date;
 - f. Amount of Federal Funds Obligated by this action by the District to the subrecipient;
 - g. Total Amount of Federal Funds Obligated to the subrecipient by the District including the current obligation;

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31 USC § 6101
note

- h. Total Amount of the Federal Award committed to the subrecipient by the District;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of federal awarding agency, District, and contact information for awarding official of the District;
 - k. Catalog of Federal Domestic Assistance (CFDA) Number and Name; the District must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement;
 - l. Identification of whether the award is R&D; and
 - m. Indirect cost rate for the federal award (including if the *de minimis* rate is charged per 2 CFR § 200.414 (relating to Indirect (F&A) costs).
2. All requirements imposed by the District on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.
 3. Any additional requirements that the District imposes on the subrecipient in order for the District to meet its own responsibility to the federal awarding agency, including identification of any required financial and performance reports.
 4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between the District and the subrecipient (in compliance with 2 CFR Part 200), or a *de minimis* indirect cost rate as defined in 2 CFR § 200.414(f) (relating to Indirect (F&A) costs).
 5. A requirement that the subrecipient permit the District and auditors to have access to the subrecipient’s records and financial statements as necessary for the District to meet the requirements of 2 CFR Part 200.
 6. Appropriate terms and conditions concerning closeout of the subaward.

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2 CFR §
200.331(b)

C. Evaluation of Risk of Noncompliance.

The District shall evaluate each subrecipient’s risk of noncompliance with law, regulations, and the terms and conditions of the subaward to determine appropriate monitoring practices.

The Coordinator or his/her 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 the subrecipient receives a single audit and the extent to which the same or similar subaward has 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 awarding agency’s monitoring of the subrecipient.

The Coordinator or his/her designee shall request adequate documentation from the subrecipient to conduct the evaluation of risk. Such documentation may include, but shall 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 as specified in the legal agreement or contract.

2 CFR §
200.207,
200.331(c), (f)

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, and may consider using the monitoring tools described in 2 CFR § 200.331(e) to ensure proper accountability and compliance with program requirements and achievement of performance goals.

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2 CFR §
200.331(d)

D. Monitoring.

The District shall monitor the implementation and activities of each subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with law, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. The District shall notify subrecipients of monitoring requirements, and may provide technical assistance to subrecipients in complying with monitoring requirements.

As part of the monitoring process, the District shall complete the following steps:

1. Review financial and performance reports required by the District.
2. Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the subaward detected during monitoring through audits, on-site reviews, and other means.
3. Issue a management decision for audit findings pertaining to the subaward provided to the subrecipient from the District as required by 2 CFR § 200.521 (relating to management decision).

2 CFR § 200.521

The Coordinator or his/her designee shall be responsible for monitoring of subrecipients. Monitoring activities may include, but shall not be limited to:

1. Review of progress reports, financial reports, and data quality.
2. On-site visits.
3. Review of federal or state debarment lists.
4. Review of other agreed-upon-procedures specified in the legal agreement or contract.

E. Auditing.

2 CFR §§
200.331(f),
200.501, 200.500
to 200.521

The District shall verify that subrecipients are audited as required by 2 CFR Part 200, Subpart F when it is expected that the subrecipient's federal awards expended during the respective fiscal year equaled or exceeded \$750,000.00.

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F. *Follow-up Actions.*

The Coordinator or his/her designee shall provide each subrecipient with written documentation detailing the results of the District’s monitoring of the subrecipient and listing any identified deficiencies. The District shall consider whether the results of monitoring indicate the need to revise existing District policy and procedure.

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 sixty (60) days, and the District shall evaluate and monitor the activities taken by the subrecipient under the corrective action plan to ensure that identified deficiencies are corrected. The District may provide technical assistance and/or training to subrecipients in complying with corrective action requirements.

The Coordinator or his/her 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.

The District shall consider whether the results of the subrecipient’s audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the District’s own records.

G. *Remedies for Noncompliance.*

When monitoring activities identify issues of noncompliance that are not addressed through corrective action, the District may take one or more of the following actions, as appropriate in the circumstances:

1. Impose additional specific conditions on the subrecipient, in accordance with applicable law and regulations.
2. Temporarily withhold cash payments, in accordance with applicable law and regulations.

2 CFR §
200.331(g)

2 CFR §§
200.331(h),
200.338

2 CFR § 200.207

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2 CFR § 200.339

3. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
4. Wholly or partially suspend or terminate the agreement for the federal award.
5. Recommend that the federal agency initiate suspension or debarment proceedings.
6. Withhold further federal awards for the project or program.
7. Take other remedies legally available, in consultation with the District Solicitor.

H. *Record Maintenance and Retention.*

2 CFR §§
200.333 to
200.337

The Coordinator shall ensure that all documentation regarding subrecipient identification, notification, evaluation, monitoring activities, and corrective action is maintained in accordance with applicable law, regulations, any specific requirements of the federal award, and Board policy and administrative regulations.

Records shall be retained in accordance with applicable law, regulations, specific requirements of the federal award, and Board policy and administrative regulations.

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