

**BUREAU OF STATISTICS AND PLANS  
SUBRECIPIENT MONITORING POLICIES AND PROCEDURES**

## **INTRODUCTION**

Subawards, also known as subcontracts or subgrants, refer to the award of financial assistance in the form of money (or property in lieu of money), made by you under your award to an eligible subrecipient or by a subrecipient to a lower-tier subrecipient.

- Subawards are used when the intent is to have another organization help carry out a portion of the scope of work described in your award application.
- It does not matter what the legal agreement between your organization and the subrecipient is called (subaward, subcontract, subgrant, purchase order). A subaward is designed to help you carry out the program for which you were awarded funding.
- A subaward does not apply to the procurement of goods or services.

None of the principal activities of the award or project-supported effort can be subawarded to another organization without specific prior approval by the awarding agency. If you included the intention to make subawards in your application, the approval may be considered given, if these activities are funded as proposed.

All such arrangements must be formalized in a contract or other written agreement between the parties involved. The contract or other written agreement must not affect your overall responsibility and accountability to the Federal Government as the original award recipient for the duration of the project. As the primary recipient of the award, you are responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled.

## **SUBRECIPIENT MONITORING**

The purpose of subrecipient monitoring is to ensure that federal program funds are being spent in accordance with the federal program and grant requirements, laws, and regulations. Subrecipient monitoring requirements apply equally to state, local and tribal governments as well as for-profit and non-profit organizations. The requirements for subrecipient monitoring can be found in:

- [Title 28 CFR Part 66](#) and [Title 28 CFR Part 70](#)
- [31 U.S.C. Section 7502](#)
- [Office of Management and Budget \(OMB\) Circular A-133](#)

- OMB Circular A-102
- Title 2 CFR Part 215 (formerly OMB Circular A-110)
- Title 2 CFR Part 176 (for American Recovery and Reinvestment Act of 2009 Section 1512 awards)

Additional requirements can be found in the program legislation and the terms and conditions of your award.

## **DEFINITION OF MONITORING**

Monitoring is the review process used to determine a subrecipient's compliance with the requirements of a federal program, applicable laws and regulations, and stated results and outcomes. Monitoring also includes the review of internal controls to determine if the financial management and the accounting system are adequate to account for program funds in accordance with state and/or federal requirements. Monitoring should result in the identification of areas of non-compliance with the expectation that corrective action will be taken to ensure compliance.

The Federal Office of Management and Budget (OMB) issued a revised publication of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations June 2003. The revision raised the audit threshold of subrecipients expending Federal funds from \$300,000 to \$500,000 increasing the number of subrecipients exempt from audit when Federal expenditures are less than \$500,000 for fiscal years ending after December 31, 2003. The revision also prohibits charges to federal awards for the costs of a single audit for entities expending less than \$500,000 per year.

## **BUREAU OF STATISTICS AND PLANS PURPOSE FOR SUBRECIPIENT MONITORING**

The Bureau of Statistics and Plans (BSP), the federal grantee of U.S. Department of Justice grant funds, and the Government of Guam Department of Administration Federal Program Division (DOA-FPD), the Centralized Accounting Agency for the Government of Guam line agencies, are responsible for monitoring sub-recipients and ascertaining that all fiscal, compliance and programmatic responsibilities are fulfilled.

This includes monitoring sub-recipient reporting, recordkeeping and internal operation and accounting control systems. Grant management ensures that the grant program is operating efficiently, its internal control program is operating successfully, and any deficiencies detected in the grant program are corrected in a timely manner.

The federal grant programs subject to these general monitoring efforts include, but are not limited to the following:

- Edward Byrne Justice Assistance Grant Program (SAA)
- Recovery Act Edward Byrne Justice Assistance Grant Program (SAA)
- Paul Coverdell Forensic Science Improvement Grant Program (SAA)
- Residential Substance Abuse Treatment Program (SAA)
- Project Safe Neighborhood Program (Fiscal Agent)

BSP is the State Administrative Agency (SAA) for the above mentioned four grant programs and the fiscal agent for Project Safe Neighborhood Grant Program.

DOA-FPD is the Centralized Accounting Agency that maintains the accounting records, assigning and establishing of accounts, and maintain banking information and fiscal documents.

## **OVERVIEW OF SUBRECIPIENT MONITORING**

The Socio-Economic Planning Program administers sub-recipient grants and monitors their activities from award to closeout. The Program specific Project Manager, Administrative Services Officer (ASO) and Administrative Assistant provides day-to-day oversight, reconciles and approves programmatic subgrantee expenditures, reviews reimbursement requests, and provides general support and assistance relating to project implementation. The Project Manager authorizes reimbursement for expenditures and the ASO reviews the expenditures and the invoices. The Program specific Project Manager reviews the quarterly Narrative Progress Reports and the ASO reviews the quarterly Financial Reports, the Request for Reimbursement and supporting documentation for compliance, then forwards for the Request for Reimbursement to the Administrative Assistance for processing and the Director's signature.

Once signed by the Director, the invoice is delivered to the Department of Administration Federal Program Division (Centralized Accounting Section). The Accounting Section reviews the request and issues a warrant for payment to the subgrantee.

The Project Manager maintains a subgrantee working file that include “in-progress” project correspondence and actions, quarterly progress reports, quarterly financial reports, email and memorandum correspondence from and to the subgrantee.

The Project Manager, Administrative Services Officer and DOA-FPD Accountant are responsible for sub-recipient monitoring through two means: office-based monitoring and on-site monitoring. Monitoring assists BSP in identifying areas of need for subgrantee support and provides feedback on ways to improve its services. Both forms of monitoring require written documentation.

Monitoring OJP grants encompasses two main areas: 1) fiscal and compliance monitoring of planning, procurement and contracts, exercise, administrative, and training funds, and compliance with regulations; and 2) programmatic monitoring of subgrantee progress and operations, including equipment deployment, for project implementation and execution.

#### **SUBAWARD MONITORING PROCEDURES**

BSP determines the nature, timing and extent of its subrecipient monitoring based on the following:

1. Programs with complex compliance requirements have a higher risk of non-compliance.
2. The larger the percentage of program awards passed through, the greater the need for subrecipient monitoring.
3. Larger dollar awards are of greater risk.
4. Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring.

The criteria used to determine risk are the following:

- New subrecipients
- Dollar Amount Awarded
- Past Performance on Outcomes
- Number of grants received from BSP
- Timely submission of quarter progress reports
- Timely submission of quarter financial reports
- Compliance requirements

- Loss of personnel
- New personnel

### **SUBRECIPIENT MONITORING MECHANISMS:**

BSP monitoring mechanisms will involve the following:

1. Reviewing quarterly financial reports submitted by the subrecipients
2. Reviewing quarterly progress reports submitted by the subrecipients
3. Perform subrecipient site visits to examine financial and programmatic records and to observe operations. The site visit will involve reviewing the following:
  - Time sheets
  - General ledgers that correlate to the quarter financial reports
  - Cash Management, if applicable
  - Invoices
  - Contracts
  - Travel authorizations
  - Property Management
4. Review the Office for Civil Rights Compliance with regards to the following requirements:
  - Prohibition of discrimination for recipients of federal funds
  - Obligation to report discrimination complaints and findings
  - Maintain civil rights information
  - Limited English Proficiency

### **BSP MONITORING**

1. **Bureau of Statistics and Plans Socio Economic Planning Program and Administration Program Provides Monitoring to:**
  - a. Determine subrecipient compliance with the requirements of state and/or federal programs, applicable laws and regulations and stated results and outcomes.
  - b. Ascertain if internal control over financial management and accounting systems are adequate to account for program funds in accordance with state and federal requirements.
2. **Subrecipient Agency Preparation for a Monitoring Visit:**

- a. Subrecipients can expect at least one monitoring visit during the life of the grant contract period (some subrecipients will be monitored annually).
- b. Subrecipient agencies are selected for monitoring based on their level of risk using a risk assessment tool (Attachment A) as determined by BSP. The criteria used to determine risk are the following:
  - Dollar Amount Awarded
  - Past Performance on Outcomes
  - Number of grants received from BSP
  - Timely submission of quarter progress reports
  - Timely submission of quarter financial reports
  - Compliance requirements
  - Responsiveness

Based on the level of risk a subrecipient may or may not be identified for a monitoring review in any given year of their contract period.

- c. Prior to an on-site monitoring visit, subrecipients will receive notification from BSP detailing the date and time of the monitoring visit in addition to what information will be requested. It is BSP's expectation that all agencies scheduled for a monitoring visit will be prepared and have available all the information requested when the visit is arranged. Failure to cooperate fully with the monitoring process will result in written documentation of the agency's lack of compliance.

### **3. Disposition and Agency Response**

At the conclusion of all monitoring review requirements, a monitoring report will be issued within thirty (30) business days. The report will be issued to the subrecipient and DOA Federal Programs Section. The monitoring report must be maintained on-site by the subrecipient as part of the subrecipient grant file.

Subrecipient Monitoring Reports may include four possible results:

- a. No findings of Noncompliance - BSP does not identify any area(s), either programmatic or fiscal, that do not comply with specific criteria found in state or federal statutes, rules and/or regulations, BSP subrecipient grant contract(s), state departmental policy for the subrecipient program, or good business practice.

If the BSP monitoring review results in no findings of noncompliance, no further action from the subrecipient is needed.

- b. Findings of Noncompliance - **BSP** identifies an area(s), either programmatic or fiscal, that does not comply with specific criteria found in state or federal statutes, rules and/or regulations, BSP subrecipient grant contract, state departmental policy for subrecipient programs, or good business practice.

(1) If the BSP monitoring review identifies findings of noncompliance, the subrecipient will be allowed thirty (30) calendar days from the issued date of the report to submit a corrective action plan (Attachment B) to our office outlining how the agency plans to correct the finding(s).

**(2) The Corrective Action Plan must include:**

- (a) A statement of whether the subrecipient agency agrees with the finding or not.
- (b) A detailed plan of how the agency will correct each individual finding to prevent this or similar finding in the future or justification for the subrecipient's disagreement with the finding(s).
- (c) Attachment of any subrecipient documents, forms, policy changes, reports, accounting tools, time sheets, data collection forms, etc. that ensures the subrecipient has corrected the finding(s).
- (d) If the subrecipient disagrees with a finding(s) identified by BSP, detailed documentation must also be submitted to refute the questioned finding(s).
- (e) The CAP must be signed by the Authorized Official or their designee. (The designee is the person granted permission to sign the Authorized Official's signature.)

**NOTE: If the subrecipient has any questions regarding the report or their required written response to a noncompliant finding or observation report then they should contact their BSP Program Manager for assistance.**

- c. Findings of Noncompliance Resulting in Questioned Costs – In addition to all the requirements listed above in 3. (b). (Findings of Noncompliance) the subrecipient will need to repay all Questioned Costs listed in the Monitoring Report through a journal voucher for line agencies and check for non line agencies.. To repay the Questioned Costs, a journal voucher and or a check (made payable to the Government of Guam General Fund) must be submitted for the total of the Questioned Costs with the Corrective Action Plan within the allowed thirty (30) calendar days from the issuance date of the report to:

Bureau of Statistics and Plans  
PO Box 2950  
Hagatna, Guam 96932

Please list the contract number on the check or in the correspondence attached to the check in order for the repaid questioned costs to be applied to the proper fiscal year and the proper subrecipient contract number.

The journal voucher must reverse the charges to local funding.

Any deviation from this questioned cost repayment policy **MUST** be approved **in writing** by the Director of the Bureau of Statistics and Plans prior to the thirty (30) calendar day deadline.

f. Observations - An observation does not generally result from noncompliance as a finding, but rather is a situation observed by a monitor that is deemed to be a potential problem or of interest to the grantor agency and therefore is reported.

(1) If a monitoring review identifies an observation, the subrecipient will be allowed thirty (30) calendar days from the issued date of the report to submit a response explaining the observation and outlining how the agency plans to correct the observation.

(2) The Corrective Action Plan for Observation(s) should include:

- a. A statement of whether the subrecipient agency agrees with the observation or not.
- b. A detailed statement of how the agency will address each individual observation to prevent a finding in the future, if needed.
- c. Attachment of any subrecipient documents, forms, policy changes, reports, accounting tools, time sheets, data collection forms, etc. that ensures the subrecipient has corrected the observation, if needed.
- d. If the subrecipient disagrees with an observation(s) identified by BSP, detailed documentation must be submitted to refute the questioned observation(s).
- e. The CAP must be signed by the Authorized Official or their designee. (The designee is the person granted permission to sign the Authorized Official's signature.)

(3) Corrective Action Plans for Finding(s) of Noncompliance and Observation(s) can be combined and submitted as one document for either one or more contracts managed by the agency.



(4) Corrective Action Plans for Finding(s) of Noncompliance and Observation(s) without questioned costs should be addressed to the BSP Director and **emailed** to the BSP Program Manager.

(5) The Corrective Action Plan must be completed by either the Project Director or their designee, signed by the Authorized Official or their designee (The designee is the person granted permission to sign the Authorized Official's signature.) and be submitted no later than thirty (30) calendar days after the issue date of the BSP Subrecipient Monitoring Report.

**NOTE: A template for the Corrective Action Plan is at BSP Appendix A. Although the use of the template is not mandatory, information in your Corrective Action Plan must be consistent with that which is included in the template.**

#### **4. BSP Response:**

- a. Upon receipt of a Corrective Action Plan or Observation Report, BSP will review and determine its adequacy. If BSP finds the Corrective Action Plan or Observation Report is adequate, then BSP will issue a letter of approval. In the event concerns remain, BSP will determine what additional steps are needed and relate those requirements to the subrecipient in writing with an expected date of response by the subrecipient.
- b. All official correspondence regarding the monitoring report and subrecipient responses will be sent by email to the contract authorized official, the project director, and other interested individuals as appropriate.
- c. All correspondence, including email, from BSP to the subrecipient regarding the monitoring report and subrecipient responses must be maintained on site by the subrecipient as part of the subrecipient grant file.

#### **D. CORRECTIVE ACTION PLAN (CAP) GUIDELINES**

##### **The Corrective Action Plan must include:**

1. A statement of whether the subrecipient agency agrees with the finding or not.
2. A detailed plan of how the agency will correct each individual finding to prevent this or similar finding in the future or justification for the subrecipient's disagreement with the finding(s).
3. Repayment of all Questioned Costs listed in the Monitoring Report. See instructions in previous Section 3.c.

4. Attachment of any subrecipient documents, forms, policy changes, reports, accounting tools, time sheets, data collection forms, etc. that ensures the
5. subrecipient has corrected the finding(s) and following the CAP.
  
6. If the subrecipient disagrees with a finding(s) identified by OCJP, detailed documentation must also be submitted to refute the questioned finding(s).
  
7. The CAP must be signed by the Authorized Official or their designee. (The designee is the person granted permission to sign the Authorized Official's signature.)

**Address all observations in the same manner as findings**

ATTACHMENT A

**Bureau of Statistics and Plans  
Risk Assessment Tool**

Project Title:	
Sub Grantee:	
Work Request Number:	
Award Amount:	

RISK CATEGORY	SCALE				SCORE
	1	2	3	4	
Staff Experience	All Staff experienced in performing grant activities	Majority of staff experienced in performing grant activities	Fewer than 50% of staff are experienced in performing grant activities		
Dollar Amount Awarded	Up to \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	Over \$100,001	
Past Performance on Outcomes	Met all	Met most (85% or more)	Met some (less than 85%)	Met none	
Number of grants received from BSP	1 - 2 grants	3 - 4 grants	over 5 grants		
Timely submission of quarter progress reports	Reports always submitted on time	Reports submitted within 2 days of deadline	Reports submitted within 2 to 5 days of deadline	Reports submitted over a week late	
Timely submission of quarter financial reports	Reports always submitted on time	Reports submitted within 2 days of deadline	Reports submitted within 2 to 5 days of deadline	Reports submitted over a week late	
Compliance requirements	Compliance with all special conditions in MOU	Compliance with some special conditions in MOU	Not in compliance with special conditions in MOU		
Staffing Level	Staffed to implement grant requirements	Staffing level insufficient to implement grant activities but plans and resources are in place to increase level	Staffing level insufficient to implement grant activities with no plans or resources to increase		
Subrecipient	Current	Prior	New		
Time Since Last Financial Audit	Audit completed by CPA within last year. Results of audits are available for review	Audit completed by CPA within the last three years. Results of audits are available for review	No audit, or more than three years since last audit by CPA or organization does not make audit results available for review		
<b>Total Score</b>					

**Suggested Level of Monitoring Based on Score:**

1 - 13 Low Level	Monitoring by BSP as needed
14 - 26 Moderate	Increase internal monitoring by BSP staff. Monitoring should include frequent telephone consultation, and a site visit
> or equal to 27 High	Two Site visit required and intense internal monitoring until sub grantee is in compliance.

ATTACHMENT B

**AGENCY MONITORING CORRECTIVE ACTION PLAN  
RESPONSE LETTER**

Agency Name:	OCJP Work Request # (s) :
Name of Person Completing CAP Letter:	Date of CAP Letter:
Title of Person Completing CAP Letter:	Phone # of Person Completing CAP Letter:
E-mail Address:	
Does your agency agree with the finding(s) and/or observation(s) contained within the BSP monitoring report?	Agree: <input type="checkbox"/>
	Disagree: <input type="checkbox"/> Please Explain:
<b>Address all Findings and/or Observations as outlined in your BSP Monitoring Report. That is, what plan has been instituted at your agency to correct, as well as avoid in the future, the issue(s) identified? Attach any documentation that ensures compliance with the plan of action.</b>	
Restate Finding #1:	
Corrective Action #1:	
Restate Finding #2:	
Corrective Action #2:	
Restate Finding #3:	
Corrective Action #3:	
Restate Finding #4:	
Corrective Action #4:	
Restate Observation #1:	
Observation Corrective Action #1:	
Restate Observation #2:	
Observation Corrective Action #2:	

If you received more than four (4) findings or more than two (2) observations you may add additional rows to the table or make another copy of this document to complete your corrective action plan (CAP) response letter.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Date