



# **SUBRECIPIENT MONITORING**

**INSULAR AREAS AND PALAU TECHNICAL  
ASSISTANCE MEETING**

# OBJECTIVES

- Participants will be able to:
  - Explain the purpose of subrecipient monitoring.
  - Describe the specific responsibilities of the state education agency (SEA) and Governors' offices in the subrecipient monitoring process.
  - Identify and share effective strategies, methods and tools for subrecipient monitoring.
  - Define the term “subrecipient” as it relates to Education Stabilization Fund (ESF) and ESF II.
    - Reference and apply the key laws and regulations that guide the management of subrecipient subawards.

# SUBRECIPIENT MONITORING PURPOSE

- Grantees are required to monitor ESF subrecipients to ensure they:
  - Use Federal funds for authorized purposes;
  - Comply with Federal statutes, regulations, and the terms and conditions of awards; and,
  - Achieve performance goals.

# SUBRECIPIENT MONITORING REQUIREMENTS

## ESF, CERTIFICATION AND AGREEMENT FOR FUNDING, PART D: OTHER ASSURANCES

Your Certification and Agreement for Funding included an assurance that you will comply with Uniform Guidance requirements related to subrecipient monitoring:

- The [Governor/Chief State School Officer] (or his/her authorized representative) assures or certifies the following: The [Outlying Area/SEA] and other recipients will comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requirements in Subpart D—Post Federal Award Requirements (2 CFR 200.300-345) and Subpart E—Cost Principles (2 CFR 200.400-475) to ensure that [ESF-Governor/ESF-SEA] funds are being used for purposes that are reasonable, necessary, and allocable under the CARES Act.



# SUBRECIPIENT MONITORING REQUIREMENTS

## UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS

- When determining its approach to subrecipient monitoring, an ESF grantee must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and condition of subawards. (2 C.F.R. 200.332(b)).
- An SEA or Governor's Office (ESF grantee), as a 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. (2 C.F.R. 200.332(d)).
- An ESF grantee must follow-up and ensure that subrecipients take timely and appropriate action on all deficiencies pertaining to programs detected through on-site reviews and other means. (2 C.F.R. 200.332(d)(3)).
- See 2 CFR 200.332 – Requirements for pass-through entities.



# SUBRECIPIENT MONITORING REQUIREMENTS

## RISK ASSESSMENT & MONITORING

- An ESF grantee must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and condition of subawards. (2 C.F.R. 200.332(b)).
  
- As with subrecipient monitoring, an ESF grantee has discretion to determine its own approach to assessing risk.
  - Must include all subrecipients but can cover programs individually or collectively.
  - Broad range of potential risk indicators can be used.
  - Results can be used to inform several types of decisions.

# RISK-BASED SUBRECIPIENT MONITORING



Identify appropriate risk indicators and assign each indicator a value or weight.



Evaluate and rank subrecipients based on relative risk.



Identify available resources and staff.



Adjust monitoring plan, including monitoring activities, and schedule based on risk and resource assessments.



# SUBRECIPIENT MONITORING REQUIREMENTS

## RISK ASSESSMENT & MONITORING

Examples of risk indicators that may be part of the ESF Grantee's risk review (see e.g., 2 CFR 200.332(b)(1)-(4)):

- Prior experience with same or similar subawards
- Results of previous audits
- Results of previous monitoring
- New or substantially changed personnel or systems
- Extent and results of Federal awarding agency monitoring
- The amount of the subaward
- Whether the subrecipient returned unused funds
- Timeliness and quality of submissions required by the ESF grantee (e.g., reports, applications, application revisions)

# SUBRECIPIENT MONITORING REQUIREMENTS

## UNIFORM GUIDANCE, IMPORTANT CONSIDERATIONS

- Monitoring includes activities in addition to on-site program reviews
  - Training and technical assistance activities
  - Subrecipient audit resolution activities
  - Desk reviews and self-monitoring
  - Review of subrecipient performance data and/or performance reports
  
- Timely monitoring follow-up is essential
  - Providing subrecipients with feedback and ensuring that identified issues are satisfactorily addressed
  
- 2 CFR 200.332 (c) - (d) describe different forms of monitoring.

# WHAT IS A SUBRECIPIENT?

## UNIFORM GUIDANCE DEFINITIONS

- §200.1 Definitions.
  - *Subrecipient* means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

# WHAT IS A SUBRECIPIENT?

## UNIFORM GUIDANCE DEFINITIONS

- §200.1 Definitions.
  - *Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient 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.



# WHAT IS A SUBRECIPIENT?

## SUBRECIPIENT AND CONTRACTOR DETERMINATIONS

### §200.331 Subrecipient and contractor determinations.

(a) **Subrecipients.** A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for *Subaward* in §200.1 of this part. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and,
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.



# WHAT IS A SUBRECIPIENT?

## SUBRECIPIENT AND CONTRACTOR DETERMINATIONS

### §200.331 Subrecipient and contractor determinations.

(b) **Contractors.** A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See the definition of *contract* in §200.1 of this part. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and,
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.



# SUBRECIPIENT AND CONTRACTOR DETERMINATIONS

Subrecipient	Contractor
<p>(1) Determines who is eligible to receive what Federal assistance;</p> <p>(2) Has its performance measured in relation to whether objectives of a Federal program were met;</p> <p>(3) Has responsibility for programmatic decision-making;</p> <p>(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and</p> <p>(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.</p>	<p>(1) Provides the goods and services within normal business operations;</p> <p>(2) Provides similar goods or services to many different purchasers;</p> <p>(3) Normally operates in a competitive environment;</p> <p>(4) Provides goods or services that are ancillary to the operation of the Federal program; and</p> <p>(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.</p>

\*The substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the ESF grantee must use judgment in classifying each agreement as a subaward or a procurement contract.



# ESF SUBRECIPIENTS

## WHAT ENTITIES SHOULD GRANTEES BE MONITORING?

- ESF-Governor – subrecipients could include SEAs, LEAs, and IHEs.
  - [ESF-Governor FAQs](#): A-10. How does a Governor award funds to subrecipients?  
Emergency support to SEAs, LEAs and IHEs is awarded through subgrants.  
Support provided to other education-related entities may be provided through either subgrants or contracts.
  
- ESF-SEA – subrecipients could include LEAs.
  - [ESF-SEA FAQs](#): 3. How may the SEA use the funds?  
...SEAs may also award subgrants to LEAs, which subgrants may be used for one or more of the purposes listed in section 18003(d) of the CARES Act, or to address emergency needs responding to COVID-19.

# GOVERNORS AS GRANTEES

- A Governor's Office that received an ESF grant must meet the terms and conditions of the award, including conducting subrecipient monitoring.
- What if a Governor's Office has delegated management of funds to another entity?
  - The Governor's Office should have documentation of the delegation or agreement (e.g., documentation that the Governor's Office has delegated management of ESF funds to the SEA through an inter-agency agreement or memorandum of understanding, and that the SEA will conduct subrecipient monitoring).

# “SUBRECIPIENTS” IN A UNITARY SYSTEM

GRANTEES WITH A UNITARY SYSTEM MUST ENSURE ESF FUNDS ARE USED CONSISTENT WITH REQUIREMENTS

- In a unitary system the grantee acts as both the State educational agency (SEA) and the local educational agencies (LEA).
- While a unitary system may not involve subrecipients, or subrecipient monitoring under the Uniform Guidance, an ESF grantee that operates a unitary system must meet its obligations as an SEA and LEA to ensure compliance with Federal requirements.
- This includes monitoring the use of ESF funds, in schools and by other entities, to ensure compliance with applicable requirements (e.g., requirements related to equipment and supplies acquired with Federal funds). The grantee can help ensure compliance with requirements, and provide timely technical assistance, through effective oversight and monitoring.



# EXAMPLE OF WHAT OESE LOOKS AT DURING MONITORING

## RISK ASSESSMENT (EXTERNAL) – ONSITE/DESK REVIEW PROTOCOL

Subtopic	Questions
Subrecipient Risk Assessment Process	<p>C1. Does the SEA have a documented process to assess subrecipient risk for each Federal program included in the review?</p> <p>Suggested Documentation:</p> <ul style="list-style-type: none"><li>• Documented risk assessment policies and procedures</li><li>• Sample risk assessment frameworks, tools, etc.</li></ul>
Subrecipient Risk Assessment Process	C2. How often does the SEA evaluate each subrecipient's risk?
Subrecipient Risk Assessment Process	C3. When does the SEA typically perform risk assessments?
Subrecipient Risk Assessment Process	C4. Are all subrecipients included in the risk assessment performed by the SEA?
Subrecipient Risk Assessment Process	C5. What risk indicators are included in the SEA's subrecipient risk assessment?
Use of Subrecipient Risk Assessments	C6. Does the SEA utilize the results of its risk assessment(s) to select subrecipients for monitoring?
Use of Subrecipient Risk Assessments	C7. How does the SEA utilize its risk assessment for any monitoring decisions beyond the selection of subrecipients to be monitored, such as the type of monitoring review received by a subrecipient (on-site, desk, etc.) or for targeting topics to be covered during the reviews?



# EXAMPLE OF WHAT OESE LOOKS AT DURING MONITORING

## SUBRECIPIENT MONITORING – ONSITE/DESK REVIEW PROTOCOL

Subtopic	Questions
Monitoring Activities	<p>D1. What types of monitoring activities does the SEA engage in to ensure that subrecipients are accomplishing performance goals and that program funds are used only for authorized purposes and in compliance with all applicable Federal statutes, regulations, and the terms and conditions of Federal awards?</p> <p><i>Suggested Documentation:</i></p> <ul style="list-style-type: none"><li>• Subrecipient monitoring handbooks, SOPs, etc. for covered programs</li><li>• Subrecipient monitoring schedules or monitoring plans for covered programs</li></ul>
Monitoring Activities	<p>D2. Does the SEA's monitoring process use protocols for the review of subrecipient compliance with financial and programmatic requirements?</p> <p><i>Suggested Documentation:</i></p> <ul style="list-style-type: none"><li>• Sample subrecipient monitoring protocols for each covered program (or a multi-program monitoring protocol if applicable), including suggested evidence or documentation from subrecipients</li><li>• Subrecipient monitoring report for LEA from most recent visit with a monitoring finding</li></ul>
Monitoring Activities	<p>D3. Is the SEA's subrecipient monitoring process consolidated across the covered programs or program-specific?</p>
Post-Monitoring Process	<p>D4. How does the SEA communicate monitoring results to subrecipients?</p> <p><i>Suggested Documentation:</i></p> <ul style="list-style-type: none"><li>• Sample subrecipient monitoring report</li></ul>



# EXAMPLE OF WHAT OESE LOOKS AT DURING MONITORING

## SUBRECIPIENT MONITORING – ONSITE/DESK REVIEW PROTOCOL

Subtopic	Questions
Post-Monitoring Process	<p>D5. Describe the process the SEA uses to ensure that subrecipients address and resolve issues identified during subrecipient monitoring (i.e., monitoring follow-up).</p> <p><i>Suggested Documentation:</i></p> <ul style="list-style-type: none"><li>• Documentation of process for resolving any monitoring corrective actions</li><li>• Sample of communications with an LEA regarding monitoring follow-up and evidence of implementation of corrective action (if available)</li></ul>
Project Evaluation	<p>D6. Does the SEA evaluate if expected outcomes were achieved as a result of LEA spending and activities for each of the covered programs?</p> <p><i>Suggested Documentation:</i></p> <ul style="list-style-type: none"><li>• Sample program/project evaluations</li></ul>
Project Evaluation	<p>D7. If so, describe the evaluation process.</p>



# EXAMPLE OF WHAT OESE LOOKS AT DURING MONITORING

## RECIPIENT MONITORING – ESF INITIAL REPORT REVIEWS & QUARTERLY PROGRESS UPDATES



Education Stabilization Fund to the Outlying Areas  
Quarterly Progress Update

Grantee Name \_\_\_\_\_

Progress Review Date \_\_\_\_\_ Type of Fund  ESF- Gov  ESF- SEA

Topic<sup>1</sup> \_\_\_\_\_ Internal Controls \_\_\_\_\_

**Directions:** *In preparation for the Quarterly Progress Update, Education Stabilization Fund grantees (ESF-SEA and ESF-Governor) must respond in writing to the questions below two weeks in advance of the progress check update. Responses and associated documentation regarding the implementation of current Fiscal Year ESF-SEA or ESF-Governor grant will be collected electronically.*

As it relates to the quarterly progress update topic:

1. What were the grantee's key accomplishments this past quarter? Provide documentation that highlights your work in this area (e.g., public notice to stakeholders, guidance document, sample monitoring report, etc.).
2. What were the grantee's key challenges this past quarter?
3. What methods, tools, and processes are you utilizing to address these challenges?
4. How can the U.S. Department of Education help the grantee address these challenges?
5. What are the grantee's technical assistance needs related to these challenges?
6. Describe any significant actions taken to ensure a system of effective internal controls over Federal awards that provides reasonable assurance that Federal grants are being managed in compliance with Federal statutes, regulations, and that the terms and conditions of Federal awards are operational. Examples could include documented policies for the segregation of duties, updated written standards of conduct for employees, sample internal evaluations of internal controls system, and actions taken to prevent waste, fraud, and abuse of federal funds. Provide documentation that highlights your work in this area.



# EXAMPLE OF WHAT OESE LOOKS AT DURING MONITORING

## RECIPIENT MONITORING – ESF DATA COLLECTIONS

Conducted by:  
U.S. Department of Education

OMB No. 1810-0749 Expires 12/31/2023

### Education Stabilization Fund- Elementary and Secondary School Emergency Relief Fund (ESSER Fund) Recipient Data Collection Form

Final Version: December 2020

#### ESSER Fund Reporting Form

State Educational Agency: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_

PR/Award number: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_

State Director: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_

Position: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_ (editable)

Office: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_ (editable)

Mailing Address: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_ (editable)

Telephone: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_ (editable)

Email address: \_\_\_\_\_<auto fill from G5>\_\_\_\_\_

**Instructions:** States and outlying areas that received Elementary and Secondary School Emergency Relief (ESSER) or Education Stabilization Fund (ESF)-State Education Agencies (ESF-SEA) funds should fill out this form. References to ESSER include ESF-SEA. To fulfill the annual ESSER fund reporting requirements, answer all questions based on the reporting period shown in the Annual Reporting table below.

**Annual Reporting:** This report should be completed based on activities in the applicable reporting period.

Annual Report	Due Date	Applicable Reporting Period
First Annual Report	February 1, 2021	March 13, 2020 - September 30, 2020
Second Annual Report	February 1, 2022	October 1, 2020- September 30, 2021
Third Annual Report	February 1, 2023	October 1, 2021- September 30, 2022

#### Section 1- Overall ESSER Fund Grant for SEA

- The total grant amount allocated to the State educational agency (SEA) is \_\_\_\_\_<auto fill from G5>\_\_\_\_\_
- The total amount of the grant expended is \_\_\_\_\_<auto fill from G5>\_\_\_\_\_

#### Section 2- SEA Reserve (up to 10% of total allocation)

- The total amount reserved \_\_\_\_\_(This value may not exceed 10% of the value reported in Section 1.a for ESSER; for ESF-SEA funds a "reasonable and necessary" amount). The SEA Reserve funds includes each of the following:
  - The total amount the SEA retained for administrative costs \_\_\_\_\_(This value may not exceed ½ of 1% of total ESSER award in Section 1.a)
  - The total amount of funds the SEA retained for state activities from the SEA Reserve, other than funds for administrative costs \_\_\_\_\_



# BEST PRACTICE -

## AN EFFECTIVE MONITORING PLAN

- A written set of policies and procedures
- Guides the scope and frequency of monitoring activities including:
  - Monitoring methods (e.g., onsite visits, desk reviews, report reviews, etc.)
  - Monitoring schedule
  - Monitoring protocol or checklists
- Is updated regularly when:
  - Providing Technical assistance
  - Changing specific conditions to reflect changes in risk
  - Following up on any required corrective actions
  - Requiring enforcement actions

# BEST PRACTICE -

## MONITORING PROTOCOL/CHECKLIST

- Lists requirements a subrecipient must meet to ensure compliance with program regulations
  - Includes citations to relevant statute or regulation
  - Provides questions to ask subrecipient
- Identifies required documentation and method of verification
- Identifies cross-cutting requirements across Department programs (e.g., cash management)
- Should be reviewed and revised regularly by the grantee to:
- Stay up-to-date with changes in the requirements
- Adapt protocol/checklist depending on the type of review (onsite, desk audit, self-assessment)

# QUESTIONS?



# ADDITIONAL RESOURCES

- Risk and Sub-Award Management Resources –  
<https://www2.ed.gov/policy/fund/guid/uniform-guidance/risk-subaward-management.html>
- Grants Training and Management Resources, Subrecipient Monitoring Training -  
<https://www2.ed.gov/rms-training/subrecipient-monitoring/index.html>
- Education Stabilization Fund to the Outlying Areas website -  
<https://oese.ed.gov/offices/education-stabilization-fund/outlying-areas/>

