



CARES Act - GEER Funds Targeted Monitoring Report: Office of the West Virginia Governor

Action Required
4

U.S. Department of Education
Office of Elementary and Secondary Education
400 Maryland Avenue, SW
Washington, DC 20202

April 2, 2021



Table of Contents

| | |
|--|-----------|
| GENERAL INFORMATION | 3 |
| SECTION I..... | 5 |
| OVERVIEW OF THE TARGETED MONITORING REVIEW | 5 |
| SUMMARY OF OESE SELECTION GEER FUND RECIPIENTS..... | 6 |
| SECTION II..... | 7 |
| SUMMARY STATUS OF CARES ACT - GEER FUND IMPLEMENTATION | 7 |
| SECTION III..... | 8 |
| CASH MANAGEMENT AND PAYMENT SYSTEMS | 8 |
| SECTION IV | 13 |
| ACCOUNTING SYSTEMS AND FISCAL MANAGEMENT | 13 |
| SECTION IV | 15 |
| INTERNAL CONTROLS | 15 |
| SECTION V | 17 |
| SUBRECIPIENT MONITORING | 17 |

GENERAL INFORMATION

OVERVIEW OF THE CARES ACT TARGETED MONITORING

The Office of Elementary and Secondary Education (OESE) is committed to supporting States as they implement Federal grant programs. Part of this commitment includes monitoring reviews designed to not only address the OESE's responsibilities for fiscal and programmatic oversight, but to also identify areas in which States may need assistance and support.

Specifically, OESE created a proactive monitoring review process as a result of passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Ideally, this review process should result in improved and strengthened partnerships between the United States Department of Education (the Department) and States, and encourages States to develop and implement fiscal systems for emergency funding sources that align with Federal requirements.

The primary goal of this targeted review is to ensure the funds received under the CARES Act are handled by States in a manner consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Education Department General Administrative Requirements (EDGAR), OMB memo 20-20, and the Cash Management Improvement Act (CMIA). To accomplish this, OESE's CARES Act monitoring review process focuses on the Governor's Emergency Education Relief (GEER) and the Elementary and Secondary School Emergency Relief (ESSER) funds as well as on areas that reflect fiscal requirements for States, and prioritizes the Department's monitoring of areas known to be historically challenging based on the Department's oversight of American Recovery and Reinvestment Act funds.¹

OESE's CARES Act targeted monitoring review comprised a self-assessment questionnaire and a virtual desk review. This review is purposely narrower than the Department's Consolidated Monitoring Review² and addresses fewer areas specifically related to fiscal responsibility. Additionally, OESE included subrecipients in the review as a matter of due diligence to learn how State agencies that received CARES Act funds plan to monitor subrecipient expenditures and ensure CARES Act funds are being used for allowable purposes.

Navigating the Targeted Monitoring Report

This report contains six sections. Section I contains a snapshot of the OESE's monitoring process.

Section II is a summary of the State's performance for each section included in the review. For each indicator, the Department assigns one of four ratings:

¹ Lessons from Implementing the American Recovery and Reinvestment Act of 2009 Final Management Information Report: <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2014/x09m0002.pdf>

² <https://oese.ed.gov/offices/office-of-formula-grants/school-support-and-accountability/performance-review/>

- “Met requirements with commendation” represents high-quality implementation where the grantee is exceeding expectations.
- “Met requirements” indicates that no instances of noncompliance were identified.
- “Met requirements with recommendations” indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations.
- “Action required” indicates there are significant compliance or quality concerns that require urgent attention by the reviewed entity and will be revisited until the issue is addressed.

The remaining sections discuss any of the subject areas (*i.e.*, Cash Management; Accounting Systems and Fiscal Management; Internal Controls, Subrecipient Monitoring) where the Department assigned a rating of “met requirements with recommendations” or “action required.”

Overview of the Targeted Monitoring Review



CARES ACT GEER FUNDS DISTRIBUTION

\$

FEDERAL FUNDING³

| | |
|------------------------|---------------|
| CARES ACT | |
| GEER Award | \$ 16,353,314 |
| Drawdown July 27, 2020 | \$ 16,353,314 |
| Percent of Drawdown | 100% |

Key Dates of Review

Recipient

Targeted Monitoring Notification: September 29, 2020
 Preliminary Call: November 5, 2020
 Self-Assessment and Document Requested: January 7, 2021
 Desk Review: February 9, 2021

Subrecipient

Subrecipient Selection: October 6, 2020
 Preliminary Call WVEOG: November 24, 2020
 WVDOE Desk Review: February 11, 2021
 WVJC Desk Review: February 17, 2021

ED Reviewers

Shane Morrissey (Management Support Office)
 Dan Behrend (Management Support Office)
 Jed Sorokin-Altmann (Management Support Office)
 Tara Ramsey (State and Grantee Relations)
 Britt Jung (State and Grantee Relations)
 Chris Fenton (State and Grantee Relations)

Subrecipients Participating in the Desk Review

West Virginia Department of Education (WVDOE)
 West Virginia Junior College (WVJC)

³ <https://oese.ed.gov/offices/education-stabilization-fund/>

Summary of OESE Selection GEER Fund Recipients

On Friday, March 27, 2020, President Trump signed the CARES Act, which is a \$2 trillion package of assistance measures, including \$30.75 billion for an Education Stabilization Fund. Four grant programs were created through the CARES Act: Education Stabilization Fund Discretionary Grants; Governor's Emergency Education Relief Fund (GEER); Elementary and Secondary School Emergency Relief Fund (ESSER); and Higher Education Emergency Relief Fund. After the Department completed awarding the CARES Act funds to States, several States immediately withdrew over 90 percent of their available balances from the Department's grants management system (the G5 system). The immediate draw down of CARES Act funding triggered similar concerns as those identified within Inspector General's reports related to Recovery Act funds.⁴ As such, OESE developed a targeted monitoring review process for CARES Act funding. This review was designed to specifically monitor GEER and ESSER grants to ensure proper oversight and provide States with technical assistance.

The Office of the West Virginia Governor (OOG) triggered a targeted monitoring review by immediately drawing down 100 percent of its allocation of GEER funds. The OOG was monitored only for the Governor's Office's management of GEER funds.

OESE included two subrecipients as part of the targeted monitoring process to further evaluate and verify information received from the OOG. OESE selected the West Virginia Department of Education (WVDOE), which the Governor's Office subawarded \$4,263,515, and the West Virginia Junior College (WVJC), which the Governor's Office subawarded \$2,000,000. Prior to selection of subrecipients, the OOG confirmed that WVDOE and WVJC received subawards. The Department selected WVDOE and WVJC based on the size of the subawards.

⁴ Alert Memorandum, State Educational Agencies' Implementation of Federal Cash Management Requirements under the American Recovery and Reinvestment Act
<https://www2.ed.gov/about/offices/list/oig/auditreports/AlertMemorandums/109j0007.pdf>

SECTION II

Summary Status of CARES ACT - GEER fund Implementation

STATUS KEY



Met requirements with commendation

High quality implementation & compliance



Met requirements

No instances of noncompliance identified



Met requirements with recommendation

Satisfactory compliance with quality concerns



Action required

Significant compliance & quality concerns

TARGETED MONITORING

| Topic | Status |
|--|---------|
| Cash Management and Payment Systems | ● ○ ○ ○ |
| Accounting Systems and Fiscal Controls | ● ○ ○ ○ |
| Internal Controls | ● ○ ○ ○ |
| Subrecipient Monitoring | ● ○ ○ ○ |

Cash Management and Payment Systems

ACTION REQUIRED



This section identifies cash management areas where OESE staff has “significant compliance and quality concerns.”

For these issues, OESE will outline the current practice, the nature of noncompliance, and the required action. Documentation of the required action must be provided to OESE within sixty (60) business days of the receipt of the final Performance Review Report

REQUIREMENT SUMMARY

Description: A Grantee must have written procedures for payment systems. Grantees are generally required to minimize the time elapsing between transfer of funds from the U.S. Treasury. The timing and amount of fund transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees.

[Cash Management Improvement Act](#)

[31 C.F.R. §§ 205.1-205.35](#)

Uniform Guidance

[2 C.F.R. § 200.302\(b\)\(6\)](#)

[2 C.F.R. § 200.305](#)

[OMB Memo 20-20](#)

ISSUE

Background

OESE conducted a review of ESSER and GEER drawdowns from the G5 system that were posted the week of July 27, 2020. During this review, the Department found that OOG had drawn down all of its \$16,353,314 GEER award. As a result of the large amount of GEER funds that had been drawn down by OOG, the Department informed OOG on September 29, 2020 that it would initiate a targeted monitoring of OOG to examine their compliance with cash management procedures and related requirements contained in the Uniform Guidance.

Applicable Federal Requirements

As outlined below, there are similar but distinct cash management requirements for States and for non-Federal entities other than States.

1. The Cash Management Improvement Act

The disbursement of most Federal assistance⁵ to States⁶, including most grant funds awarded to States by the Department, is governed by the CMIA, a Federal law administered by the United States Department of the Treasury (Treasury). Depending on the dollar amount of a grant in relation to the total amount of Federal funds received by a State, a grant may be considered a major Federal assistance program and will be included in a Treasury-State agreement and governed by subpart A of the CMIA regulations (31 C.F.R. §§205.3-205.31).⁷ Alternatively, funds that fall below the threshold will not be included in a Treasury-State agreement and are governed by subpart B of the CMIA regulations (31 C.F.R. §§205.32-205.35). West Virginia's GEER funds fall under subpart B of the CMIA regulations, as they are not considered a major Federal assistance program.⁸

Under 31 C.F.R. §205.33, a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

For Federal assistance programs not included in a Treasury-State agreement, interest liabilities to the Federal government are not incurred by the State.

2. The Uniform Guidance

For payments to non-Federal entities other than States, the Uniform Guidance requirements in 2 C.F.R. §200.305(b) apply. Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. Additionally, 2 C.F.R. §200.305(b)(1) requires that the non-Federal entity or

⁵ The CMIA regulations in 31 C.F.R. § 205.2 define "Federal Assistance" as a program included in the Catalog of Federal Domestic Assistance where funds are transferred from the Federal government to a State. Federal assistance programs include cooperative agreements, but do not include vendor payments or direct loans. Cares Act grants administered by OESE are included in the CFDA and are considered Federal assistance under the CMIA.

⁶ The CMIA regulations in 31 C.F.R. § 205.2 define "State" as a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the Virgin Islands. It includes any agency, instrumentality, or fiscal agent of a State that is legally and fiscally dependent on the State Executive, State Treasurer, or State Comptroller.

⁷ The thresholds for major Federal programs are cited in 31 C.F.R. §205.5.

⁸ According to section 4.2 of West Virginia's FY 2021 Treasury-State agreement, the State's threshold for major Federal assistance programs is \$38,248,725, and West Virginia received _____ in GEER funding, below the threshold. <https://www.fiscal.treasury.gov/files/cmia/fy2021/wvfy2021tsa.pdf>

the passthrough entity may provide advance payments to subrecipients, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in the Uniform Guidance. OOG has an affirmative responsibility to ensure that advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs.

The Office of the West Virginia Governor’s Compliance with Cash Management Requirements

Based on the information provided by the OOG and its subrecipients, OOG did not follow cash management requirements when it drew down 100 percent of the GEER funds from the G5 system the week of July 27, 2020 and subsequently provided advance funding through subgrants to other State entities. OOG’s practice of advance funding for all GEER subawards is inconsistent with the requirements of the CMIA because OOG did not limit the advance payment to actual and immediate cash requirements.

Table 1. Amount of GEER Funds OOG Subawarded*

| GEER Award | GEER Subawards | Balance of GEER Funds with OOG |
|-----------------|-----------------|--------------------------------|
| \$16,353,314.00 | \$16,353,314.00 | \$0 |

*Based on information provided by OOG on March 8, 2021

Table 2. Additional Detail on GEER Funds OOG Subawarded*

| Subrecipient | Subaward | Expended | Balance |
|--|----------------|----------------|----------------|
| Appalachian Bible College | \$1,000,000.00 | \$1,000,000.00 | \$0.00 |
| Glenville State College | \$1,000,000.00 | \$1,000,000.00 | \$0.00 |
| West Virginia Higher Education Policy Commission grant 1 | \$93,000.00 | \$93,000.00 | \$0.00 |
| West Virginia Higher Education Policy Commission grant 2 | \$1,063,800.00 | \$1,063,800.00 | \$0.00 |
| West Virginia Higher Education Policy Commission grant 3 | \$1,950,201.40 | \$1,950,201.40 | \$0.00 |
| West Virginia Junior College | \$2,000,000.00 | \$797,468.49 | \$1,202,531.51 |

| | | | |
|--|-----------------|----------------|----------------|
| West Virginia Department of Education grant 1(Non-public schools) | \$2,263,514.59 | \$111,156.72 | \$2,152,357.87 |
| West Virginia Department of Education grant 2(Virtual Schools) | \$2,000,000.00 | \$2,000,000.00 | \$0.00 |
| West Virginia Department of Education grant 2 (Communities in Schools) | \$3,712,794.01 | \$0.00 | \$3,712,794.01 |
| Fairmont State University | \$1,000,000.00 | \$208,130.75 | \$791,869.25 |
| Shepherd University | \$250,000.00 | \$2,253.92 | \$247,746.08 |
| West Virginia University | \$20,000.00 | \$7,031.88 | \$12,968.12 |
| | \$16,353,310.00 | \$8,233,043.16 | \$8,120,266.84 |

The CMIA requires that OOG minimize the time elapsing between transfer of funds from the Federal government as close as is administratively feasible to OOG's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs, and limit advance payment to subrecipients to actual and immediate cash requirements. Consistent with the CMIA, the Department expects that grantees will not draw funds from their Federal accounts in the G5 system until there is an actual and immediate need for those funds, and that when funds are drawn that the time between the draw from the G5 system until expenditure on allowable GEER fund activities is minimized. While the Treasury-State agreement establishes the period of time between a State drawing funds and incurring interest for funds subject to subpart A of the CMIA, grantees must also minimize the time between drawing down funds from the G5 system and expenditure of funds subject to subpart B of the CMIA or the Uniform Guidance cash management requirements. While neither subpart B of the CMIA, nor the Uniform Guidance establish a specific timeframe for minimizing the time between drawing and expending funds, based on best practices, the Department expects that grantees limit the time between drawing down funds from the G5 system and the expenditure to approximately 3 business days at most.

Rather than advance the entire subaward to subrecipients, OOG must limit advance payments to actual and immediate cash requirements. Based on the documentation provided by OOG, including documentation of the balances of subrecipients' GEER funds balance as of March 8, 2021, there was not an immediate need to provide each subrecipient the advance payment of the entire subaward.

Finally, the Department notes that under 2 C.F.R. §200.305(b)(8)-(9), non-Federal entities other than State entities, including institutions of higher education receiving funds through one of OOG's subrecipients, must place advance payment in interest bearing accounts and remit interest on advance payments of all Federal funds that exceeds \$500 through the Department of Health and Human Services' Payment Management System.⁹

CORRECTIVE ACTION

- a. Within 45 business days from the date of this report, OOG must:
 - i. provide evidence to the Department that OOG reminded its subrecipients about the requirements of the CMIA and the requirements in Uniform Guidance in C.F.R. § 200.305 regarding advance payments; and,
 - ii. require that OOG's subrecipients return any GEER funds that OOG provided through advance payment that remain unexpended, and return those funds to the G5 system until there is an actual and immediate need for those funds; and,
- b. Within 60 business days from the date of this report, OOG must provide to the Department:
 - i. a report detailing available subrecipient balances as of 45 days from the date of the report; and,
 - ii. evidence that OOG has returned all unspent GEER funds to the G5 system.
- c. Within 30 days of receiving this report, OOG must provide a report of:
 - i. all interest accrued by subrecipients as a result of advance payment of GEER funds;
 - ii. all interest accrued by non-Federal entities other than States subawarded GEER funds, including institutions of higher education receiving GEER funds, and evidence that interest accrued in excess of \$500 by any non-Federal entities other than States was remitted to the Department of Health and Human Services consistent with the requirements of 2 C.F.R. §200.305(b)(9).

⁹ See <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>

Accounting Systems and Fiscal Management

ACTION REQUIRED



This section identifies accounting systems and fiscal management areas where OESE staff has “significant compliance and quality concerns.”

For these issues, OESE will outline the current practice, the nature of noncompliance, and the required action. Documentation of the required action must be provided to OESE within sixty (60) business days of the receipt of the final Performance Review Report

REQUIREMENT SUMMARY

Description: A Grantee and its subrecipients must use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds. In general, a Grantee must expend and account for Federal funds in accordance with State laws and procedures for expending and accounting for State funds. In addition, State, Grantee, subrecipients, and LEA accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. Grantees also must have written procedures for determining cost allowability and must maintain effective control over all funds.

EDGAR

[34 C.F.R. 76.702](#)

Uniform Guidance

[2 C.F.R. 200.302](#)

[2 C.F.R. 200.331](#)

ISSUE

Under Uniform Guidance §200.302, an SEA’s financial management system must allow for identification of all Federal awards received and expended; effective control over, and accountability for, all funds, property, and other assets; and records that identify adequately the source and application of funds for Federally funded activities (2 C.F.R. 200.302(b)). An SEA must also maintain written procedures for determining the allowability of costs in accordance with the Uniform Guidance Cost Principles (2 C.F.R. 200.400-475).

The Department identified two issues with OOG’s financial management process:

1. **Lack of written procedures for account reconciliation.** During the review, OOG staff stated that it planned to conduct a quarterly review CARES Act accounts to ensure that all transactions (including

refunds and recoded transactions) were accurately and properly recorded, but to date, it had not been performing reconciliations, and was unable to provide the Department with written policies and procedures related to reconciliations.

2. Lack of written procedures for determining the allowability of costs. During the review, OOG staff indicated that OOG relied on WVOasis to ensure that GEER funds are used for allowable purposes, but it was unable to provide any documented criteria or procedures for cost allowability that could be used both inform the creation of spending plans, and to evaluate the allowability of specific expenditures during the fiscal year.

REQUIRED ACTION

Within 60 days of receiving this report, OOG must provide the Department with evidence that it has:

1. Developed and implemented documented procedures for performing periodic reconciliations (monthly, quarterly, etc.) between subrecipient payment requests, OOG account balances, and the amounts drawn down from G5. The procedures should require the verification of the accuracy of the grants codes used when making draws (including some sort of authorization or documented approval).
2. Developed and implemented written policies regarding the allowability of costs that include the criteria for cost allowability, details pertaining to specific items of cost as defined in the Uniform Guidance Cost Principles (2 C.F.R. 200.400-480), and program-specific considerations to help guide staff when developing annual spending plans for each fiscal year, when evaluating proposed program budgets, and when evaluating actual expenditures during the course of program administration or monitoring. Such documentation should help ensure that OOG staff are sufficiently considering the factors for cost allowability when evaluating proposed and actual program spending.

Internal Controls

ACTION REQUIRED ● ○ ○ ○

This section identifies cash management areas where the OESE staff has “significant compliance and quality concerns.”

For those issues, the OESE will outline the current practice, the nature of noncompliance, and the required action.

REQUIREMENT SUMMARY

Description: A Grantee must establish and maintain a system of effective internal controls over Federal awards that provides reasonable assurance that the Grantee is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards. These internal controls should be in accordance with guidance stated in the “Standards of Internal Control in the Federal Government” ([GAO Green Book](#)) or the “Internal Controls Integrated Framework” (Treadway Commission).

Uniform Guidance
[2 C.F.R. 200.303](#)

ISSUE

Under Uniform Guidance §200.303, a grantee must establish and maintain effective internal control over a Federal award that provides reasonable assurance that the grantee is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. (2 C.F.R. 200.303(a)).

A grantee’s internal controls should comply with guidance contained in the “Standards for Internal Control in the Federal Government” (GAO Green Book) or the “Internal Control Integrated Framework” (Treadway Commission/COSO). Important elements of sufficient internal controls under both frameworks are an internal risk identification and assessment process, and a process for monitoring the operation of an organization’s internal controls.

During the review, OOG was unable to describe a formalized internal risk assessment process as required in both the GAO Green Book and the Treadway Commission/COSO. Without a formal process in these areas, there is a risk that OOG will be unable to sufficiently identify risks to agency operations, develop targeted strategies to mitigate identified risks, or make timely determinations regarding the ability of the controls that are already in place to protect against identified risks.

CORRECTIVE ACTION

Within 60 business days of receiving this report, OOG must provide to the Department:

(1) documentation of a regular process (*e.g.*, quarterly, annually, biannually) for identifying internal risks (*see e.g.*, GAO Green Book, pages 34-42). This documentation should include:

- a. the types of risk that will be evaluated and the indicators to be used in the assessment;
- b. the process for establishing risk tolerances for different categories or types of risk;
- c. the process used to complete the risk assessment (including identification of responsible individuals); and
- d. the process used to respond to identified risks affecting the operation or performance of the organization.

(2) documentation of a regular process (*e.g.*, quarterly, annually, biannually) for evaluating the performance and/or effectiveness of the agency's internal controls framework (*see e.g.*, GAO Green Book, page 56). This documentation should include a description of the process and its frequency, identify the staff responsible for performing such an evaluation, and include copies of any tools or checklists that will be used to accomplish the evaluations. While OOG cannot rely solely on external auditors to complete evaluations of internal controls, the process developed can be complementary in scope to the work performed by the external entities; and,

(3) documentation of OOG's internal controls framework, including any updated internal controls to ensure compliance with cash management requirements for GEER funds (*see e.g.*, GAO Green Book, page 29).

Subrecipient Monitoring

ACTION REQUIRED



This section identifies subrecipient monitoring areas where OESE staff has “significant compliance and quality concerns.”

For these issues, OESE will outline the current practice, the nature of noncompliance, and the required action. Documentation of the required action must be provided to OESE within sixty (60) business days of the receipt of the final Performance Review Report

REQUIREMENT SUMMARY

Description: A Grantee shall monitor subrecipients and any other entities, including external providers, receiving Federal funds from programs to ensure that all applicable fiscal and programmatic performance goals are achieved and that subawards are used for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Uniform Guidance
[2 C.F.R. 200.332\(d\)](#)

ISSUE

Under Uniform Guidance §200.331(d), OOG as a pass-through entity is responsible for monitoring the activities of subrecipients to ensure that subawards are used only for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and to ensure that subaward performance goals are achieved (2 C.F.R. §200.331(d)).

A grantee has the discretion to design its own subrecipient monitoring processes for both fiscal and programmatic elements of program administration. However, a grantee must ensure that its subrecipient monitoring activities are sufficient to provide reasonable assurance that subrecipients are administering programs in compliance with all applicable requirements (both programmatic and fiscal) and that the grantee is able to evaluate progress towards the accomplishment of performance goals. Additionally, use of a risk-based determination to inform monitoring is required (Uniform Guidance §200.331(b)).

During the review, OOG was unable to provide documents outlining its subrecipient monitoring processes or satisfactorily describe the process during the review, including the selection of subrecipients for monitoring, assignments of responsibilities for monitoring staff, protocols for monitoring or descriptions or examples of post-monitoring follow-up activities.

CORRECTIVE ACTION

Within 60 business days of receiving this report, OOG must provide the Department with a plan (or plans if not consolidating fiscal and program monitoring) for implementation of subrecipient fiscal and program monitoring. The plan should include a timeline for implementation with deliverables that can be submitted to the Department to demonstrate progress toward full implementation of the subrecipient monitoring plan.

Specifically, the subrecipient monitoring plan must address both fiscal and programmatic monitoring, and include the following elements:

1. Description of a process for subrecipient fiscal monitoring. The fiscal monitoring must encompass a range of fiscal indicators sufficient to provide reasonable assurance that subrecipients are managing program funds in accordance with requirements. The plan provided must include:
 - a. Timelines for the development of documented fiscal monitoring procedures and fiscal monitoring protocols;
 - b. Identification of the staff and/or offices that will be responsible for carrying out fiscal monitoring activities;
 - c. Descriptions of the selection process and criteria for identifying subrecipients to receive monitoring reviews for each type of monitoring activity; and,
 - d. Descriptions of the post-monitoring process, including the monitoring report process and templates, and timelines for subrecipient corrective action.

2. Description of a process for subrecipient programmatic monitoring. This documentation must include the following items:
 - a. Timelines for the development of documented programmatic monitoring procedures and programmatic monitoring protocols;
 - b. Identification of the staff and/or offices that will be responsible for carrying out programmatic monitoring activities;
 - c. Descriptions of the selection process and criteria for identifying subrecipients to receive monitoring reviews for each type of monitoring activity; and,
 - d. Descriptions of the post-monitoring process, including the monitoring report process and templates, and timelines for subrecipient corrective action.