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# FISCAL POLICY MANUAL

<b>POLICY RE-2:</b>	<b>Grant Subrecipient Monitoring and Management</b>
<b>APPROVED:</b>	Auditor-Controller-Treasurer-Tax Collector (ACTTC)
<b>AUTHORITY:</b>	Auditor-Controller-Treasurer-Tax Collector (ACTTC)
<b>ISSUE/REVISED DATE:</b>	March 13, 2025

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## I. PURPOSE

To minimize the County's risk of non-compliance with grant requirements as a pass-through entity.

## II. POLICY

It is the responsibility of grantee departments and dependent districts to understand and comply with grant subrecipient monitoring and management requirements per 2 CFR Part 200 Subpart D sections 200.331-200.333. This includes identifying subrecipients during the award process and including appropriate language in contracts, performing a risk evaluation, performing and documenting adequate and timely subrecipient monitoring and contract management, and compliance with the single audit requirements of 2 CFR Part 200, Subpart F.

This policy supplements Fiscal Policy RE-3 Policies and Procedures for Grants, the objective is to expand on the requirements related to pass-through awards to subrecipients.

## III. RESPONSIBILITIES

### A. DEPARTMENT

Department staff responsible for contract management shall determine whether each agreement it makes for the disbursement of Federal program funds casts the entity receiving the funds in the role of subrecipient or contractor. Once the determination of subrecipient vs. contractor is made, this should be explicitly clear to the recipient in the award/contract. The Department is responsible for implementing procedures and maintaining adequate documentation to support that the appropriate level of subrecipient monitoring has been performed.

Note that if subrecipient is a for-profit entity, the Uniform Guidance does not apply to them. Therefore, the agreement with the for-profit subrecipient must describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the agreement, and post-award audits.

The following is a list of key items, this list is not all inclusive:

1. Access to Records: Contracts shall include provision to ensure access to subrecipient records and financial statements as necessary for the County to comply with federal requirements.
2. Identification and Notice Requirements: Contracting staff shall confirm the Assistance Listing Number (ALN) and title, award name, award amount and

name of federal agency are listed on all subrecipient contracts. Board items presenting contracts for Board approval must also include the required information in the body of the report.

3. Risk evaluation: Contracting staff must ensure that potential subrecipients are not suspended or debarred from receiving federal funds and evaluate each subrecipient's risk of noncompliance and fraud; this evaluation should be documented for purpose of determining the appropriate subrecipient monitoring. Risk evaluation should be performed during the award process or at the beginning of the contract term so that appropriate monitoring can occur throughout the contract term. Risk should be re-evaluated periodically.
4. Ongoing Monitoring: Contract or program staff must develop a monitoring plan for each subrecipient based on the risk evaluation and adequately document monitoring activities.
  - i. Monitoring of the subrecipient must include:
    - Review of reimbursement requests and performance reports.
    - Follow-up with subrecipient for corrective action.
    - Issuing management decisions.
  - ii. Monitoring of subrecipients may include:
    - On-site reviews.
    - Desk reviews.
    - Independent audits.
5. Review of Subrecipient Single Audit Reports: The designated contact of each department shall:
  - i. Include a Single Audit Data Collection Form (see Exhibit A) as an exhibit in subrecipient contracts.
  - ii. Ensure each subrecipient completes a Single Audit Data Collection Form (see Exhibit A).
  - iii. Compile Single Audit Data Collection Forms into a Subrecipient Monitoring Form (see Exhibit B) to ensure subrecipients meeting the audit requirements of 2 CFR Part 200, Subpart F during the subrecipients' fiscal year, have timely completed a single audit.
  - iv. Collect and review subrecipient single audit reports and confirm awards were reported in their Schedule of Expenditures of Federal Awards (SEFA).

- v. Create a central location for collected single audit reports.
- vi. Inform Auditor-Controller-Treasurer-Tax Collector (ACTTC) if single audit reports were not received by the due date and take corrective action to obtain these reports.
- vii. Issue a timely corrective action requirement for subrecipient's single audit findings and ensure subrecipients take appropriate and timely corrective action. All significant developments that negatively affect a subaward (e.g., audit findings, site visits, other adverse condition or impacts) will require corrective action monitoring.
- viii. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the department shall inform the ACTTC and the County shall take appropriate action.

## **B. ACTTC**

If applicable, ACTTC staff shall work with departments to ensure the County takes appropriate action.

## **IV. ATTACHMENTS**

Exhibit A: Single Audit Data Collection Form

Exhibit B: Subrecipient Monitoring Form

Exhibit C: Additional information for subrecipient vs. contractor determination

**EXHIBIT A (form to be distributed to all Subrecipients)**

<b>Subrecipient Single Audit Data Collection Form</b>	
<b>To be filled out by County Department:</b>	
<b>Contract Number:</b>	
<b>Subrecipient name:</b>	
<b>ALN Number:</b>	
<b>ALN Title:</b>	
<b>Federal Agency &amp; Office:</b>	
<b>Title of Award:</b>	
<b>Amount:</b>	
<b>To be filled out by Subrecipient:</b>	
1)	During the fiscal year, did you expend \$750,000 (\$1,000,000 for fiscal years beginning on or after 10/1/2024) or more in federal awards, including the award referenced above?
	Yes <input type="checkbox"/>
	No <input type="checkbox"/>
	a) If no, no further action is necessary.
	b) If yes, you are required to complete a Single Audit in accordance with Uniform Guidance (2 CFR Part 200), within 9 months of your fiscal year end.
	i) What is your fiscal year end? <input type="text"/>
2)	Please provide a copy of the Single Audit Report when completed and ensure the following:
	a) Expenditures related to the award detailed above are included in the Schedule of Expenditures of Federal Awards (SEFA).
	Yes <input type="checkbox"/>
	No <input type="checkbox"/>
<b>Comments:</b>	
<p><b>Please return completed form and Single Audit Report (if applicable) to:</b></p> <p><i>County Department Contact's name, phone number, email address</i></p>	

**EXHIBIT B (form to be maintained by Department as support and be provided to ACTTC or external auditors upon request)**

Subrecipient Monitoring Form									
Department Name:									
Department Contact:									
Name of Subrecipient	ALN #	Program Title	Fiscal Year End	Due Date of Single Audit	Amount of Funds Passed Through	Single Audit Required (Y/N)	Copy of Single Audit Received (Y/N)	Date Single Audit Received (If Applicable)	Corrective Action Required (Y/N)
<b>Comments (be sure to document any non-compliance and notify the ACTTC):</b>									
<b>Review Approval Confirmation:</b>									
Reviewed and approved by:					Date:				
					Thank you for your review! Please send completed workbook to <b><u>County Department Contact</u></b>				

**EXHIBIT C (Additional information for subrecipient vs. contractor determination)**

Subrecipient	Contractor
Creates the assistance relationship	Obtains goods / provides services for the entity and creates a procurement relationship
Determines who is eligible (i.e. program participants) to receive what grant assistance	Provides goods / services within normal business operations
Has performance measured in relation to whether objectives of the grant program were met	Provides similar goods / services to many purchasers
Has responsibility for programmatic decision-making	Normally operates in a competitive environment
Must comply with program requirements specified in the grant awards	Provides goods / services ancillary to federal program
Uses funds to carry out program for public purpose specific in award / statute etc.	Not subject to compliance requirements as a result of the agreement, but may have other requirements related to local law

All characteristics above <u>need not</u> be present
<u>Judgment</u> should be used in the determination process
<u>Substance</u> of the agreement is more important than the form
Documentation should be retained to support the determination
Should be re-evaluated on a regular basis as relationship may change (or at least when new agreements are entered into)
Important for communication requirements (contract provisions vs. subaward requirements)

*By agreeing to accept a Federal grant and administer the program, the Department assumes responsibility to ensure this is being done at all levels even if others (subrecipients) do parts of the program administration.*