

Procedure:  <b>Monitoring of Subgrantees</b>	Policy: <b>Subgrantee Identification and Monitoring</b>	Number: <b>GP0600.2</b>
	( ) Complete Revision (X) Partial Revision ( ) New	Supersedes:  7/1/2015

**Overview of Procedure**

The School District of Philadelphia is responsible for the determining whether an arrangement resulting from the District awarding funds to another organization creates a subgrantee or Contractor relationship. The District is also responsible for the programmatic and financial monitoring of all federal award subgrantee designees. These guidelines and procedures are provided to assist District employees in identifying and monitoring subgrantees and ensuring that subgrantees conduct their portions of federal projects in compliance with laws, regulations, and terms and conditions of grants/contracts, and that project costs incurred by subgrantees are allowable, reasonable and allocable.

**Procedure Details**

The District will only designate eligible individuals or entities as subgrantees and will do so in accordance with District policy *GP0500 Participant and Subgrantee Eligibility*.

**Procedure Steps**

Grant Program Managers (GPMs) should develop a system or program to continuously monitor subgrantees as they implement their subgrant awards. The monitoring must be sufficient to enable the GPM to identify any significant deficiencies or violations of the subgrantees and track progress in addressing any problems identified. GPMs should use the District’s *Subgrantee Monitoring Plan* template to develop a written plan for the monitoring that can be shared with the subgrantee agency.

The extent and frequency with which a subgrantee is monitored will depend on the nature of the subgrantee organization as well as the grant program. As an initial step in creating a subgrantee monitoring plan, a risk assessment should be performed to identify an appropriate level of monitoring. Following the “Risk Assessment” section of the *Subgrantee Monitoring Plan* template as a guide, GPMs will use their professional judgment when performing risk assessments but should consider the following:

- Dollar amount awarded to the subgrantee
- Number of subgrantees under a program award
- Complexity of the program requirements, applicable laws and regulations
- Subgrantee’s experience with the program
- Subgrantee’s internal control environment
- Prior subgrantee audit findings
- Any negative findings arising from monitoring efforts during the current award period

The following tasks should be performed as part of any monitoring program:

- Review of all cost allocation plans and indirect cost classifications
- Comparison of budget to actual expenditures and review to ensure expenditures are allowable, allocable and reasonable
- Review (on-site if necessary) of financial and programmatic records and documentation to ensure compliance with applicable laws and regulations
- Review of all reports provided by the subgrantee

Additionally, the Office of Accounting Services and Audit Coordination, will:

- Request a copy of the 2 CFR Subpart F audit report for all nonprofit subgrantees expending \$750,000 or more in Federal awards during the subgrantees's fiscal year.
- Issue a management decision on audit findings within 6 months after receipt of the subgrantees's audit report and ensure that the subgrantees takes appropriate and timely corrective action.
- Consider whether subgrantee audits necessitate adjustment of the pass-through entity's own records.
- Require each subgrantee to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with 2 CFR Subpart F.

GPMs are responsible for documenting their monitoring activities and retaining such documentation in accordance with District Policy *GP1400 Documentation and Record Retention*. Items to be documented and retained include, but are not limited to:

- Dates and times of any on-site visits
- Notes from interviews of subgrantee staff
- Descriptions of any reviews or testing performed and the results
- Any corrective actions recommended and undertaken
- Any audit report findings and responses

GPMs will provide technical support to subgrantees in order to ensure compliance. The District's Policies and Procedures manual is a resource that can be shared with subgrantees. If GPMs have questions or concerns about monitoring subgrantees or how best to address questions from subgrantees, they should seek guidance from the Grants Compliance Office.

Grant Compliance Monitors (GCMs) will periodically (quarterly) review GPM records on subgrantee performance and compliance with applicable regulations to validate their appropriateness

### **Policy**

- *GP0600: Subgrantee Identification and Monitoring*

### **Forms**

- *Contractor vs. Subgrantee Comparison Form*
- *Subgrantee Monitoring Plan*

**Definitions**

CFDA is the Catalogue of Federal Domestic Assistance.

Funding agency is the source entity providing the program funds. The funding agency can be a governmental entity, a private entity or an individual.

Subaward is an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee.

Subgrantee/Subrecipient is a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subgrantee may also be a recipient of other Federal awards directly from a Federal awarding agency. Entities are subject to 2 CFE Subpart F auditing requirements and monitoring requirements if they spend more than \$750,000 in federal awards during its fiscal year.

Contractor is a dealer, distributor, merchant, or other seller providing goods or services that are necessary for conducting a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program. Contractors are not subject to OMB Circular A-133 and monitoring requirements. Contractors are not responsible for programmatic results.

For-profit subgrantee/Subrecipient is not subject to 2 CFR, Subpart F. Nonetheless, for-profit subgrantees must comply with applicable program regulations.

**Contacts**

- *Grants Compliance Office*
- *Office of Accounting Services and Audit Coordination*

**Frequently Asked Questions**

**Related Information**

- 2 CFR Subpart F, Audit Requirements

**History**

**Amended:**

- Amended 9/18/2012 to include references and instructions for the Subgrantee Monitoring Plan and to include subgrantee requirements and responsibilities for non-federal funds when used as a federal match.
- Amended 5/4/2015 to updated references for the Uniform Grant Guidance and make technical adjustments.
- Amended on 7/2/2018 for technical adjustments.

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