BACKGROUND AND PURPOSE
Community and Workforce Development (CWD) is the administrative entity for several federal, state and locally funded programs and utilizes sub-recipient awards in order to deliver services and programs throughout Pima County. CWD has established departmental procedures for effective and efficient monitoring of sub-awards to ensure compliance with federal, state and local regulations. This procedure delineates specific activities that should be performed in managing sub-recipients/subcontracts for Pima County Community and Workforce Development grant awards.

REFERENCE
- 2 CFR § 200.331; 333; Part 230;
- OMB Circular A-122, Cost Principles for Non-Profits;
- OMB Circular A-133, Audit of State and Local Government;
- OMB Circular A-133, Compliance Supplement Various Applicable Grants;
- OMB Circular A-21, Cost Principles for Educational Institutions;
- OMB Circular A-87, Revised Cost Principles for State and Local Government and Indian Tribal Government; and
- Arizona Revised Statutes §11-624

DEFINITIONS
Sub-recipient or sub-grantee is a receiver of pass-through grant funds from a grantee rather than receiving funds directly from the grantor. Subrecipients are required to complete objectives of the grant award and are required to follow all policies, rules and terms of the original award in addition to any additional conditions required by the grantee.

Contract is a legal instrument by which the County purchases property, goods, or services needed to implement a grant. Contracts establish a procurement relationship with the contractor.

Contractor is an entity which provides procured property, goods or services under a County contract.
Annual Sub-Recipient Monitoring includes those activities undertaken to review the financial status and management controls of a sub-recipient to mitigate the risk of contracting with a sub-recipient organization.

Desk Review consists of the collection of supporting documentation from the sub-recipient for all line items requested for reimbursement under contract. This would include, but not be limited to, the monthly general ledger, timesheets, labor distribution, invoices for all purchases, supporting calculations for any indirect cost pools, etc.

PROCEDURES

Pima County has the responsibility, on an ongoing basis throughout the life of the award, to monitor the activities of subrecipients/sub-awards in accordance with the governing agreement, to assure that awarded funds are used for authorized purposes in compliance with the provisions of the agreement, and to ensure that fiscal performance goals are achieved.

Desk reviews are to be performed monthly. It is the County’s contract policy that reimbursements for request occur monthly to ensure fiscal goals are being met by the sub-recipient. The grant accountant responsible shall convey in writing the documentation to be submitted monthly. At a minimum the following will be required:

- Name of sub-recipient
- Date of invoice
- Invoice Number
- Period of Performance
- Description of services covered/and supporting documents as required
- Current period costs
- Sub-recipient contact person
- Certification by authorized signer

The program coordinator or manager of each federal award and the finance grant division staff assigned to the award should determine the frequency and scope of the specific department’s monitoring procedures. A “risk-based” approach to sub-recipient monitoring is recommended with the frequency and intensity of monitoring driven by (1) the terms of the grant award and (2) the criteria identified below.

Risk Assessment – to identify risks and assist in developing monitoring schedule and scope:

- The degree of oversight by auditors or monitors
- Evidence of effective financial controls within the sub-recipient’s systems and administrative operations through review of the organization’s audit reports, management letter, or other acceptable documentation
- Review of any audit findings identified and any corrective action plans implemented—specifically to internal controls and/or a federal program to which the agency is the County’s sub-recipient
• Size of the sub-recipient award; considering that large awards may receive substantial and frequent monitoring; the award complexity, extensiveness of governing regulations.
• Sub-recipient location
• Type of organization (not-for-profit, local government, for profit, etc.)
• Organizational conflict of interest

Where risk assessment reveals a high potential for financial risk, a proposed risk mitigation strategy will be developed by the Pima County Grants Management and Innovation Department (GMI).

ANNNUAL SUB-RECIPIENT ON-SITE REVIEW

At least annually, CWD will gather updated information and documentation on sub-recipient organization’s financial stability, financial processes, and controls by conducting site visits. Currently the department utilizes a generic monitoring tool in conjunction with program specific monitoring guides as provided by the Federal or State awarding agency. Reporting is the method used by the monitoring staff to communicate findings and concerns of the program reviewed. Copies should be distributed to the director and appropriate program and fiscal staff. The monitoring report should:

• Identify sub-recipient information and the programs monitored.
• Identify dates of the monitoring review.
• Identify who conducted the monitoring review.
• Describe the monitoring activities and test procedures used to collect information.
• Identify findings and references to applicable Federal requirements.
• Identify corrective action recommendations, when the corrective action plan is due, and where to send the corrective action plan.
• Describe program activities and eligible client population.
• Note monitoring staff’s observations in areas such as program strengths, weaknesses and concerns, etc.

The sub-recipient is responsible for submitting a corrective action plan that addresses each monitoring finding and for submitting supporting documentation. The sub-recipient’s plan should be submitted within the timeframe identified in the monitoring report. If corrective action cannot be completed within the requested timeframe, the sub-recipient should request an extension of time in writing. If the sub-recipient does not agree with any of the monitoring findings or does not believe that corrective action is required, an explanation should be included.

A follow-up to the monitoring review may vary depending on the extent and severity of the findings, and how the corrective action process is managed. A follow-up may include communication with the sub-recipient after the review of the corrective action, additional monitoring visits, and/or an unannounced visit.
PROGRAMMATIC MONITORING REVIEW PROCEDURES

In accordance with federal and state regulations, CWD must monitor grant-supported activities. Program monitoring is the process used to ensure that projects are being carried out in accordance with program requirements and that they are meeting identified needs and performance standards. Close and ongoing monitoring is conducted annually and is program specific based on a specific grant and contractual scope of work. Documentation of monitoring including reports and audit work papers, corrective action plans are made available pursuant to federal, state and local regulations.

The Quality Assurance Unit within CWD, provides self-monitoring and sub-recipient monitoring in order to:

- Ensure compliance with federal, state and other local requirements
- Evaluate organizational and project performance
- Ensure effective use of resources
- Ensure production and accountability
- Ensure responsiveness to community needs; and
- Identify potential compliance issues before they become serious violations

CWD staff will send an introduction letter to sub-recipients to provide an update on the coming year’s monitoring process and activities. CWD will notify sub-recipients of the review and will:

- Send an email notification or monitoring dates
- A confirmation email will be sent to the sub-recipients confirming the monitoring review date, time, and location
- An email notification will be sent to sub-recipients with the list of casefiles or projects being requested for review
- An entrance interview will be conducted at the beginning of the meeting and will include identifying the monitoring review process, request interviews with staff and participants, and review the monitoring tool (if applicable)
- QA team will draft a monitoring report which may include: findings, observations, procedural issues and best practices
- CWD director or their designee will review the monitoring report and if approved the report will be returned to the QA unit and will be distributed to the sub-recipient, division manager, CWD director and will be maintained in accordance with records management and retention.

All sub-recipients are given instructions on how to respond to the monitoring report and with regards to any corrections or findings as well as the time frame for responding as it pertains to a specific grant or project.

Findings are specific areas of concern and must be addressed in writing to the department director within 20 days of the finding. If the subrecipient does not agree with the findings the subrecipient can issue a written dispute within 20 business days to the department director.
Observations are provided as a courtesy and do not carry the force of findings. Observations are items of note found during the monitoring review that should be reviewed and acted upon to ensure they do not further escalate or in any other regard become more serious as to result in a later finding.

No Findings and/or Only Observations letter will be emailed to the subrecipients indicating there are no findings when only observations exist and will be noted in the case review closure letter. No response is required.

Should findings or observations arise that demonstrate an overall issue or concern, CWD staff will work with QA team to secure appropriate level of technical assistance.

Should substandard issues continue, CWD may suspend or terminate all contractual agreements.