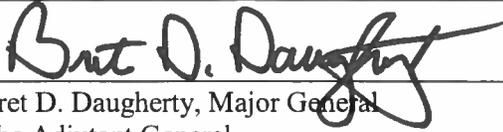




**Department Policy No. FIN-110-13**

<b>Title:</b>	Sub-grantee Monitoring
<b>Former Number:</b>	00-025-06
<b>Authorizing Source:</b>	<p>a. Federal Regulations</p> <ul style="list-style-type: none"><li>(1) OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations</li><li>(2) OMB grants management common rule, Circular A-102, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments</li><li>(3) OMB's Circular A-110, relocated to 2 CFR 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations</li><li>(4) OMB Circular A-21, relocated to 2 CFR 220, Cost Principles for Education Institutions</li><li>(5) OMB Circular A-87, relocated to 2 CFR 225, Cost Principles for State, Local and Indian Tribal Governments</li><li>(6) OMB Circular A-122, relocated to 2 CFR 230, Cost Principles for Nonprofit Organizations</li><li>(7) Federal Acquisition Regulation 48 CFR Part 31 for For-profit Organizations</li><li>(8) US DHHS Regulations 45 CFR part 74 for Hospitals</li><li>(9) Government Auditing Standards (Yellow Book and generally accepted government auditing standards)</li></ul> <p>b. State Regulations:</p> <ul style="list-style-type: none"><li>(1) Revised Code of Washington (RCW) 43.88 – Budgeting, Accounting and Reporting System</li><li>(2) WA State Administrative and Accounting Manual (SAAM) Chapter 50 – Federal Compliance</li><li>(3) WA SAAM Chapter 80 – Accounting Policies</li></ul>
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<b>Effective Date:</b>	May 2005
<b>Mandatory Review Date:</b>	July 1, 2017
<b>Revised:</b>	As of July 1, 2013
<b>Approved By:</b>	 Bret D. Daugherty, Major General The Adjutant General Washington Military Department Director

## **Purpose**

The purpose of this policy is to establish the responsibilities and expectations for Washington Military Department (WMD) state employees' monitoring of sub-grantees who receive pass-through funding and is pursuant to federal and state laws and regulations.

## **Scope**

This policy applies to WMD Divisions, which have responsibility for the management, administration, and oversight of pass-through funding programs. This policy is superseded if a granting authority has specific monitoring requirements for a grant; or when a granting authority has approved a State Administrative Plan (SAP) for a specific grant.

## **Definitions**

**Division Director** – Executive who has responsibility for a Division of the WMD that manages pass-through funding.

**Grantee** – Entity that disburses federal and state pass-through grant funds to sub-grantees.

**Monitoring** – Oversight activities performed to ensure sub-grantee financial and programmatic compliance and the performance of pass-through funding programs.

**Pass-through Funding** – Funds issued to the primary grantee for the purpose of awarding financial assistance to eligible sub-grantees.

**Grant Manager** – An employee who has the functional responsibility for pass-through funding management, administration, and monitoring.

**Single Audit** – An audit performed per generally accepted auditing standards by one audit organization to cover all federal expenditures.

**State Administrative Plan** – A comprehensive plan, which details how a state will administer a Stafford Act related FEMA grant. The State Administrative Plan (SAP) outlines procedures for each phase of the grant process.

**Subaward** – Award of pass-through financial assistance in the form of money or property to an eligible sub-grantee.

**Sub-grantee** – A non-federal entity that expends awards received from WMD to carry out a federal or state program. May also be known as the Subrecipient.

**Technical Assistance** – Guidance and information sharing, and assistance with other specific needs requested by sub-grantees.

## Policy

- A. Authority to Monitor** – WMD is charged with the responsibility to monitor the activities of the sub-grantee throughout the grant lifecycle, including post-closeout activity, where applicable. Monitoring programs validate whether the sub-grantee is exercising appropriate stewardship over pass-through funds, and that all deliverables and related activities are in compliance with applicable laws and regulations, program specific grant guidance, and the subaward agreement.
- B. Monitoring Program Guidance** – An effective monitoring program will assist in identifying and reducing financial or program risks throughout the grant period, thus protecting both public funds and the citizens being served. Monitoring provides the opportunity to assess the need for technical assistance, discovers and helps prevent potential problems, and is a valuable source of information concerning the effectiveness of services and service delivery methods. Directives for implementing effective monitoring programs are as follows:
1. WMD Divisions will monitor the activities of the sub-grantee by developing a well-drafted subaward agreement, which includes a clear statement of work and pass-through funding requirements; verifying compliance with financial and programmatic grant requirements.
  2. Divisions will ensure that sub-grantees who receive state grants or state pass-through funding are in compliance with the subaward agreement and applicable rules, regulations and policies.
  3. Division Grant Managers must provide oversight, reconcile and approve programmatic sub-grantee expenditures, and provide general support and assistance relating to contract activities. Monitoring activities may include some or all of the following: site visits, desk and field compliance reviews, field exercise observation, verify deliverables, review of external independent audit reports, and technical assistance and training services.
  4. Division Grant Managers will document monitoring activities, including the timely submission of required reporting, such as financial and performance reports, and resolution of reported deficiencies. To the extent possible, monitoring activities and necessary documentation will be shared across the Division for the purpose of exchanging information, establishing coordination, and improving efficiency.
  5. The Finance Division will work with Division Grant Managers administering Federal pass-through funding programs, to ensure that sub-grantees meeting the threshold stated in the OMB Circular A-133 have completed a Single Audit.
    - a) The Finance Division will track whether sub-grantees have been audited and contact Grant Managers when audits have not been completed in a timely manner.
    - b) Division Grant Managers and the Finance Division will collaboratively review and confer regarding audit findings.
    - c) Divisions will ensure that all sub-grantees understand that their records must be available and complete for review or audit by appropriate officials, including Grant Managers.

6. Grant Managers will report any problems or concerns discovered during the course of monitoring in accordance with the instructions provided by the responsible Division Director. The Division Director will elevate reported problems or concerns to the appropriate levels within the WMD, as necessary.

**C. Management Decisions Regarding Audit Findings**

1. Divisions will investigate audit findings and questionable costs, and provide recommendations for follow-up actions.
2. Division Directors or the Governor's Authorized Representative will issue a Management Decision letter and request a corrective action plan within six months after receipt of the sub-grantee's audit report when the findings or issues are deemed serious.
3. Management Decision letters will only be issued when the audit report concerns a grant funded program within the Division's oversight.
4. In the event the sub-grantee fails to take appropriate and timely corrective action, the Division Director or the Governor's Authorized Representative may authorize the implementation of sanctions until the issue has been resolved.

- D. Division Policy, Guidelines and Desk Procedure Requirements** – WMD Divisions will have policies, guidelines and desk procedures that reflect the intent and specific instructions contained within this policy. Divisions with the authority to award pass-through funding will identify processes necessary to successfully monitor sub-grantees under their oversight and the unique requirements associated with grant programs they manage and administer.