



Designing an Effective Subrecipient Monitoring Framework: Lessons Learned from Compliance Failures

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Explore

- Explore strategies to develop an effective subrecipient monitoring program

Learn

- Learn from real-world examples and case studies

Address

- Address common compliance pitfalls and strategies for prevention



Why is Monitoring Important?

- Required by 2 CFR 200.332
- Increases accountability and compliance awareness
- Prevents or detects non-compliance issues
- Protects your organization from financial, legal, and reputational harm



Determining Relationships

Subrecipient

Beneficiary

Contractor

Relationship Makes a Difference



Contractor

Procurement requirements

Subrecipient

Pass-through responsibilities

Beneficiary

Eligibility requirements

2 CFR 200.332 - Requirements for pass-through entities



Verify no suspension, debarment, or exclusions



Provide a subaward agreement



Review audits of subrecipients and follow up on issues



Conduct a risk assessment (fraud and noncompliance risk)



Monitor compliance and overall performance

2 CFR 200.332 (e) – Monitoring Necessities



Review financial and performance reports



Ensure corrective action on significant developments



Issue a management decision for single audit findings



Resolve audit findings





The Role of a Subrecipient

(Photo by Cameron Spencer/ Getty Images)

Trust in Partnerships



(Photo by Elsa Garrison - International Skating Union/International Skating Union via Getty Images)



“We trust our subrecipients”

Too Much Trust?

\$5 million of terror grant was misused | The Columbus Dispatch

There are  44 comments on the [Columbus Dispatch](#) story from Apr 14, 2011, titled *\$5 million of terror grant was misused | The Columbus Dispatch*. In it, Columbus Dispatch reports that:

An eight-month federal Homeland Security audit has confirmed that the Ohio Association of Chiefs of Police mismanaged and misspent almost \$5 million in federal grants designed to develop a statewide police network to help fight terrorism and other crime.

“Trust, but
verify”

President Ronald Reagan



Monitoring Challenges

- Adequate coverage
- Capacity
- Excluding performance outcomes
- Monitoring report distribution
- How to handle non-compliance
- Lack of partnership in the process



Monitoring Pitfalls

Lack of independence

Inadequate risk assessment

Abandon the monitoring plan

Insufficient corrective action plans

Too much trust – ignore red flags

Process is linear



Monitoring Framework Components



Risk Assessment



Financial Oversight



Programmatic Reviews



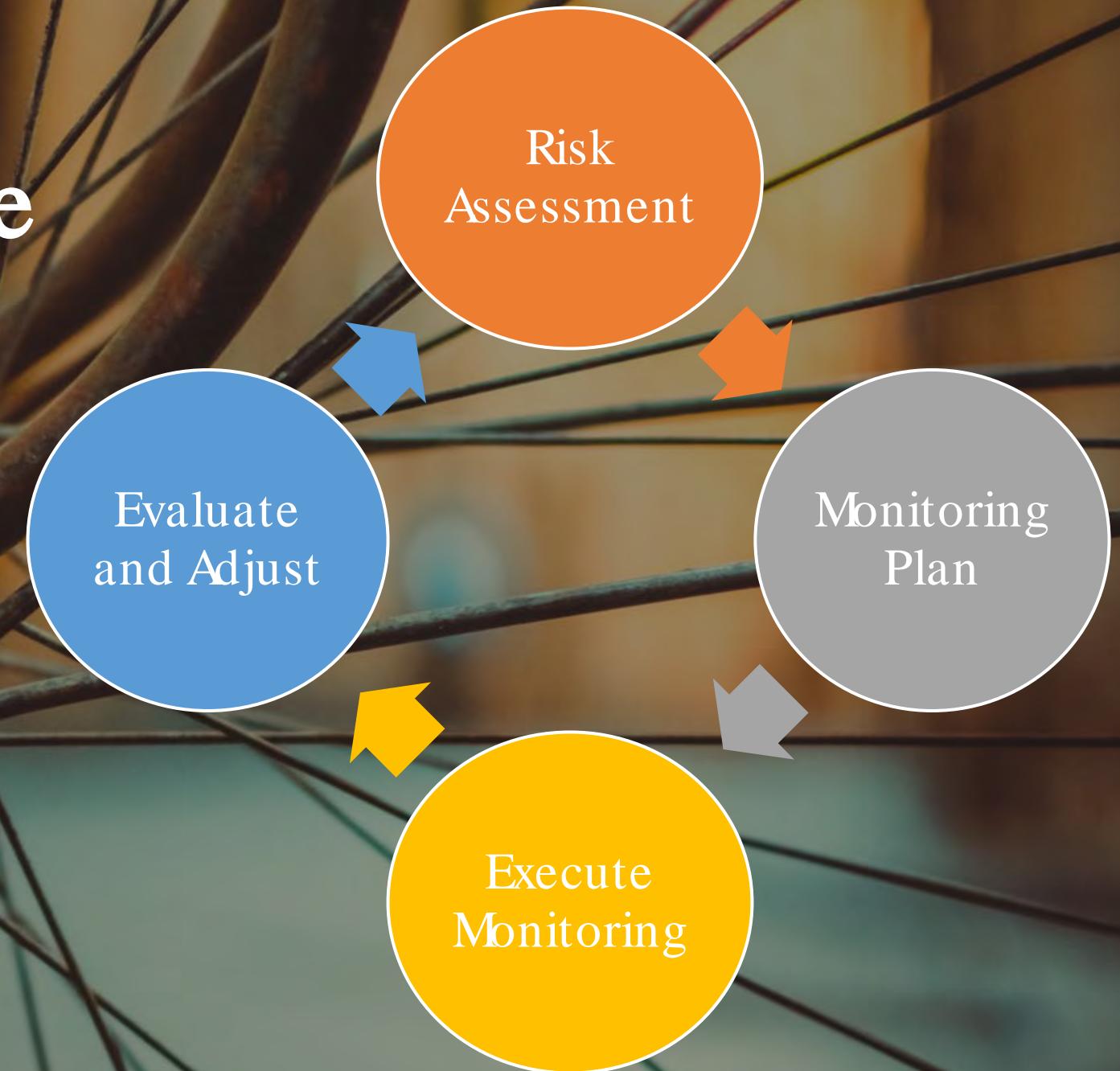
Technical Assistance –
Building the Partnership



Monitoring Toolkit

- Audit Report & Management Letter Reviews
- Desk Reviews
- On-Site Monitoring
- Reporting (financial and programmatic)
- Prior approvals (ex. procurement)
- Specific Conditions (2 CFR 200.208)
- Technical Assistance/Training
- Data analysis
- Reviewing news articles and social media posts

Monitoring Cycle



Risk Assessment

- Determine a risk ranking and assess
- Identify higher risk subrecipients
- Leverage the monitoring toolkit to gain adequate coverage and mitigate risk
- Ensure coverage for all risk levels

