

# ESD Subrecipient Monitoring Protocol

Effective: September 2016

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## COMPLETE PRE-AWARD RISK ASSESSMENT

The Pre-Award Risk Assessment (also known as the Grantee Risk-Based Assessment) determines the type, amount, or frequency of monitoring based upon the risk assessment level- low, moderate, and high. A pre-award risk assessment is done prior to issuing or renewing a grant, and completed by program staff. If you are unable to answer questions regarding the subrecipient's accounting system or other organizational practices, request the information directly from the subrecipient; do not send the Risk Assessment form to the subrecipient. If a subrecipient's risk of non-compliance is determined as Moderate or High, inform the subrecipient of the issues which warranted the increased risk determination. Instructions for completing the Pre-Award Risk Assessment:

- I. Eligibility table contains 3 criteria to check:
  - a. Suspension and Debarment (state & federal requirement)
    - i. Instructions for Checking: A vendor who is ineligible will be found on the BGS website for Suspension & Debarment. You can review this list at the following address: <http://www.bgs.vermont.gov/purchasing-contracting/debarment> If the vendor is on the list, the "Ineligible" box would be checked. If the vendor is NOT on the list the "Eligible" box would be checked.
  - b. Subrecipient Annual Report (state requirement) – to be completed by ESD grant manager
    - i. Must have been filed for past 3 years at Dept. of Finance. Due within 45 days of the end of their fiscal year.
    - ii. Instructions: VISISON>Reporting tools>Query>Query Viewer. Search by Query Name: VT\_BULLETIN5\_ELIGIBILITY. Select HTML or another preferred format. When prompted, enter the potential grantee's Vendor ID (including all zeros), enter a range of Fiscal Year periods, covering the current year and three years prior (i.e. in 2014, enter 2011 through 2014). Analyze the results of the VT\_BULLETIN5\_ELIGIBILITY Query.
      1. Subrecipient Annual Report Status
        - a. Received = Eligible
        - b. Delinquent = Ineligible. (If Ineligible for any of the prior three years, grantee is Ineligible until the delinquent Subrecipient Annual Report(s) have been submitted to Finance & Management.)
        - c. A blank value indicates that the report is not yet due and the grantee is currently eligible.
  - c. Single Audit Report (state & federal requirement) – to be completed by ESD grant manager
    - i. Instructions: information is found from Subrecipient Annual Report VISION query.
      1. Audit Due?
        - a. No Audit Due = Eligible
        - b. Audit Due = Refer to next columns
      2. Audit Received?
        - a. YES = Eligible
        - b. No = Refer to next columns
      3. Month & Year Audit Due: Compare the Month and Year the audit is due to the current date. Audits are due by the last day of the month.
        - a. Not Yet Due = Eligible
        - b. Overdue = Ineligible
    - ii. If Ineligible for any of the prior three years, grantee is Ineligible until the delinquent Single Audit Report(s) have been submitted.
  - d. Documentation – to be completed by ESD Grant Manager
    - i. Save Subrecipient Annual Report VISION query as a PDF file to the monitoring folder in the Grant File with "Approved" date and time stamped on the PDF.
- II. Additional sections to be completed:
  - a. Amount
  - b. Accounting System
  - c. Program Complexity

d. Organizational Risk

e. Justification for issuing award to High Risk grantee—to be completed by ESD Deputy Commissioner

### Grantee Risk-Based Assessment

**Organization Name:** \_\_\_\_\_ **Grant No.:** \_\_\_\_\_

**Grant Title/Description:** \_\_\_\_\_

ELIGIBILITY	Eligible	Ineligible
Suspension & Debarment		
Subrecipient Annual Report		
Single Audit		

<b>1. Amount</b>	<b>Small</b> <\$25,000	<b>Medium</b> \$25,000 to \$250,000	<b>Large</b> >\$250,000	<b>Points Awarded</b>	
Rate the organization based on the amount of the award	0	10	20		
<b>2. Accounting System</b>	<b>Automated</b>	<b>Manual</b>	<b>Combination</b>	<b>Points Awarded</b>	
Rate the organization based on the type of accounting system they use	0	20	0		
<b>3. Program Complexity</b>	<b>Not Complex</b>	<b>Slightly Complex</b>	<b>Moderately Complex</b>	<b>Highly Complex</b>	<b>Points Awarded</b>
Rate the complexity of the program	0	10	20	30	
<p>Programs with complex compliance requirements have a higher risk of non-compliance. In your determination of complexity consider whether the program has complex grant requirements. The following are some examples of reasons a program would be considered more complex:</p> <ul style="list-style-type: none"> <li>▶ Complex programmatic requirements and/or must adhere to regulations</li> <li>▶ Matching funds or Maintenance of Effort are required</li> <li>▶ Various types of program reports are required</li> <li>▶ The organization further subcontracts out the program</li> </ul>					
<b>4. Organization Risk</b>				<b>Points Awarded</b>	
Rank the organization based on your knowledge of the following:	<b>YES</b>	<b>NO</b>			
a. Is the organization receiving an award for the first time?	35	0			
b. Did the organization adhere to all terms and conditions of prior grant awards?	0	30			
c. Does the organization have adequate and qualified staff to comply with the terms of the agreement?	0	20			
d. Does the organization have prior experience with similar programs?	0	15			
e. Does the organization maintain policies which include procedures for assuring compliance with the terms of the award?	0	10			
f. Does the organization have an accounting system that will allow them to completely and accurately track the receipt and disbursements of funds related to the award?	0	10			
g. If staff will be required to track their time associated with the award, does the organization have a system in place that will account for 100% of each employee's time?	0	10			
h. Did the organization have one or more audit findings in their last single audit regarding program non-compliance?	30	0			
i. Did the organization have one or more audit findings in their last single audit regarding significant internal control deficiency?	20	0			
j. Other issues that may indicate high risk of non-compliance? Explain: <i>(Point value should be based on evaluator's judgment)</i>					
<p><i>Other issues</i> include but are not limited to: (1) having new or substantially changed systems (2) having new compliance personnel (3) external risks including; economic conditions, political conditions, regulatory changes &amp; unreliable information (4) loss of license or accreditation to operate program (5) rapid growth (6) new activities, products, or services (7) organizational restructuring (8) where indirect costs are included, does the organization have adequate systems to segregate indirect from direct costs.</p>					
<p><b>Low = 0 - 39   Moderate= 40 - 70   High= 71 and higher</b></p>				<p><b>TOTAL RISK POINTS:</b></p> <p style="text-align: center; font-size: 1.2em;"><b>0</b></p>	

Completed By: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Justification for issuing award to high-risk grantee**

**Organization Name:** \_\_\_\_\_

**Grant No.:** \_\_\_\_\_

**Grant Title/Description:** \_\_\_\_\_

**Justification:**

**Approved By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*Signature*

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Common Attributes of Grantees with Low, Moderate and High Risk:**

<b>Low Risk</b> <i>Most of the following attributes must be present to be considered <u>low</u> risk</i>	<b>High Risk</b> <i>One or more of the following attributes may be present to be considered <u>high</u> risk</i>
▶ Organization has complied with the terms and conditions of prior grant awards.	▶ History of unsatisfactory performance or failure to adhere to prior grant terms and conditions
▶ No known financial management problems or financial instability	▶ Financial management problems and/or instability; inadequate financial management system
▶ High quality programmatic performance	▶ Program has highly complex compliance requirements
▶ No, or very insignificant, audit or other monitoring findings	▶ Significant findings or questioned costs from prior audit
▶ Timely and accurate financial and performance reports	▶ Untimely, inadequate, inaccurate reports
▶ Program likely does not have complex compliance requirements	▶ Recurring/unresolved issues
▶ Organization has received some form of monitoring (e.g., single audit, on-site review, etc.)	▶ Lack of contact with organization or any prior monitoring
	▶ Large award amount
<b>Moderate Risk</b>	▶ Agencies that fall between low risk and high risk are considered <u>moderate</u> risk.

## DETERMINE SUBAWARD RELATIONSHIP

### Sub-Recipient or Contract form

The process of using this form shall substantiate the relationship of this agreement and will be completed by the ESD grant manager. This form will accompany the agreement to the grant/contract unit which will review the intent and verify attributes of the intent of the document. If the attributes do not align with the original intent of the relationship, the contract/grant unit and grant manager shall agree on revisions to the agreement so that there is consistency between them. The grant manager should be prepared to defend the substance of the agreement if questioned by auditors or regulators. The determination form should be kept in the grant file.

Uniform Guidance, §200.330, identifies the characteristics below to describe sub-recipient and contractor relationships. These characteristics should be considered when determining whether an agreement constitutes a Federal sub-award to a sub-recipient or a contractor payment for goods and services.

Vendor:	
Agreement #:	

<b>SUB-RECIPIENT</b>
Determines who is eligible to receive what Federal assistance
Has its performance measured in relation to whether objectives of a Federal program are met
Has responsibility for programmatic decision making
Is responsible for adherence to applicable Federal program requirements specified in the Federal award
Uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity

<b>CONTRACTOR</b>
Provides the goods and services within normal business operations
Provides similar goods or services to many different purchasers
Normally operates in a competitive environment
Provides goods or services that are ancillary to the operation of the federal program
Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

All the characteristics listed above may not be present in all cases and the pass-through entity must evaluate the features of each agreement individually to determine whether it appears more like a contract or a sub-award. The substance of the relationship is more important than the form of the agreement and the pass-through entity must use judgment in classifying each agreement as a sub-award or a procurement contract.

<b>Approved as:</b>	
Reviewer:	
Date:	

# COMPLETE Part 1-GRANT AWARD DETAIL

STATE OF VERMONT GRANT AGREEMENT				Part 1-Grant Award Detail			
SECTION I - GENERAL GRANT INFORMATION							
<sup>1</sup> Grant #:			<sup>2</sup> Original		<sup>2</sup> Amendment #		
<sup>3</sup> Grant Title:							
<sup>4</sup> Amount Previously Awarded: \$0.00		<sup>5</sup> Amount Awarded This Action: \$0.00		<sup>6</sup> Total Award Amount: \$0.00			
<sup>7</sup> Award Start Date:			<sup>8</sup> Award End Date:		<sup>9</sup> Subrecipient Award: YES <input type="checkbox"/> NO <input type="checkbox"/>		
<sup>10</sup> Vendor #:		<sup>11</sup> Grantee Name:					
<sup>12</sup> Grantee Address:							
<sup>13</sup> City:				<sup>14</sup> State:		<sup>15</sup> Zip Code:	
<sup>16</sup> State Granting Agency:					<sup>17</sup> Business Unit:		
<sup>18</sup> Performance Measures: YES <input type="checkbox"/> NO <input type="checkbox"/>		<sup>19</sup> Match/In-Kind:		Description:			
<sup>20</sup> If this action is an amendment, the following is amended: Amount: Funding Allocation: Performance Period: Scope of Work: Other:							
SECTION II - SUBRECIPIENT AWARD INFORMATION							
<sup>21</sup> Grantee DUNS #:			<sup>22</sup> Indirect Rate: %		<sup>23</sup> FFATA: YES NO		
<sup>24</sup> Grantee Fiscal Year End Month (MM format):			(Approved rate or de minimis 10%)		<sup>25</sup> R&D:		
<sup>26</sup> DUNS Registered Name (if different than VISION Vendor Name in Box 11):							
SECTION III - FUNDING ALLOCATION							
STATE FUNDS							
Fund Type		<sup>27</sup> Awarded Previously	<sup>28</sup> Award This Action	<sup>29</sup> Cumulative Award	<sup>30</sup> Special & Other Fund Descriptions		
General Fund				\$0.00			
Special Fund				\$0.00			
Global Commitment (non-subrecipient funds)				\$0.00			
Other State Funds				\$0.00			
FEDERAL FUNDS (includes subrecipient Global Commitment funds)							
<sup>31</sup> CFDA#	<sup>32</sup> Program Title	<sup>33</sup> Awarded Previously	<sup>34</sup> Award This Action	<sup>35</sup> Cumulative Award	Required Federal Award Information		
				\$0.00	<sup>36</sup> FAIN	<sup>37</sup> Fed Award Date	<sup>38</sup> Total Federal Award
<sup>39</sup> Federal Awarding Agency:			<sup>40</sup> Federal Award Project Descr:				
				\$0.00			
Federal Awarding Agency:			Federal Award Project Descr:				
				\$0.00			
Federal Awarding Agency:			Federal Award Project Descr:				
				\$0.00			
<b>Total Awarded - All Funds</b>		\$0.00	\$0.00	\$0.00			
SECTION IV - CONTACT INFORMATION							
<sup>40</sup> STATE GRANTING AGENCY				<sup>41</sup> GRANTEE			
NAME:				NAME:			
TITLE:				TITLE:			
PHONE:				PHONE:			
EMAIL:				EMAIL:			

## State of Vermont Grant Agreement Part 1 Instructions

### Section I – General Grant Information

(\* Indicates a required field)

1. Grant number\*: The grant number should begin with a five-digit business unit number prefix. Grant numbers may contain alpha-numeric characters and are limited to 30 total characters.
2. \* Check the Original box if the award is the original grant award. If it is an amendment, indicate the number of the amendment in the Amendment box.
3. Grant title\*: This is the title of the award or project. It will usually correspond with the Grant Description entered in the Grant Tracking module.
4.    –                  . The amounts in boxes 4 through 6 are populated automatically from Section III
4. Previously Awarded: If this is the original award, it will be \$0. Otherwise, it is the value of Box 6 in the previous grant agreement for this award. It should equal the cumulative total of all previous awards for this grant number.
5. Amount Awarded This Action: For the original award document, this will be the total grant award. If this award is an amendment, it is the current amendment amount. If this award is an amendment that does not affect the amount, it will be \$0.
6. Total Award Amount: This is the total funds obligated for this grant award to-date. If this award is an amendment, it is the new total authorized amount, including the current amendment. For the original award, this amount will be the same as the amount in Box 5.
7. Start Date\*: This is the beginning date of the performance period covered by this award.
8. End Date\*: This is the ending date of the performance period covered by this award.
9. Subrecipient Award\*: Check Yes or No to indicate whether or not this award is considered a subrecipient agreement. If No is checked, the Subrecipient Award Information section may be left blank. Check No for grants funded only with State funds. **Note:** Only one box may be checked. *A grant agreement cannot be both a subrecipient award and a contractual relationship.*
10. Vendor number\*: The grantee's VISION vendor number.
11. Grantee Name\*: The name of the grantee. This should correspond with the name of the VISION vendor entered in Box 10.
12. – 15. Grantee address information: If the Grantee has multiple addresses, this should be the address associated with the performance of the award. Enter the Zip+4 if available and if required for FFATA reporting.
16. State Granting Agency\*: This is the name of the State of Vermont Department that is granting the funds. The Division name may also be included, if desired.
17. Business Unit\*: This is the five-digit VISION General Ledger Business Unit associated with the Granting Agency.
18. Performance Measures\*: Check Yes or No to indicate whether or not the award contains performance measures.
19. Match/In-Kind \$ and Description: Enter the amount of match/in-kind required, or enter \$0. If a dollar value has been entered, enter a brief description of what is required. The narrative sections of the award may also contain additional information pertaining to required match or in-kind. If desired, this box may also be used to identify funding from other sources involved in the project that will not be covered by this award, such as projects where multiple organizations are contributing funding.
20. Amendment Information: If the award is an amendment, check Yes or No to each type of amendment in this box. If the award is not an amendment, this box may be left blank.

### Section II – Subrecipient Award Information

This section is only required to be completed for Subrecipient awards.

21. Grantee DUNS #: This is the subrecipient's Dun & Bradstreet identification number
22. Indirect Rate: Enter the approved indirect rate, or the de minimis rate of 10%. If the subrecipient chooses not to request indirect costs for this award, enter 0%.
23. FFATA: Check Yes or No to indicate if the award is subject to FFATA reporting
24. Grantee Fiscal Year End Month: Enter the two-digit month in which the subrecipient's fiscal year ends
25. R&D: Check this box if the award is a Research and Development award
26. DUNS Registered Name: If the DUNS registered name is different than the VISION vendor name in Box 11, enter the official DUNS registered name here; otherwise this box may be left blank

### Section III – Funding Allocation

Detailed funding information is divided into two sections: State funds and Federal funds. The shaded boxes contain required information for subawards which comes from the original award from the Federal Granting Agency to the State Granting Agency. The funding allocation should correspond to the funding entered in the VISION Grant Tracking module. The totals will automatically be displayed in boxes 4 through 6 in Section I.

Global Commitment Funds: Global Commitment funds that are not being awarded as subrecipient funds may be reported in the State Funds section. Global Commitment funds that are being awarded as subrecipient funds should be reported in the Federal Funds section using the appropriate CFDA information. If an award with Global Commitment funds is being split between Federal and State, the State share should be entered in the State Funds section and the Federal share in the Federal Funds section with the appropriate CFDA information.

27. Awarded Previously: Enter the amount previously awarded for each fund type in the State Funds section. If this is the original grant agreement, enter \$0. The total of this column (State and Federal) will appear in Box 4.
28. Award This Action: Enter the amount of the current award. If this is the original award, enter the full amount of the award. If this is an amendment, enter the amount of the amendment. Negative amendments are allowed. If the amendment does not affect the funding, enter \$0. The total of this column (State and Federal) will appear in Box 5.
29. Cumulative Award: The amounts in this column are automatically calculated as the amount in Column 27 plus the amount in Column 28. The total of this column (State and Federal) will appear in Box 6.
30. Special and Other Fund Descriptions: If the award contains Special or Other funds, enter a brief description of the funding source.
31. CFDA #: Enter the CFDA number for all Federally funded awards.
32. Program Title: Enter the CFDA program title.
33. Awarded Previously: Enter the amount previously awarded for each CFDA #. If this is the original grant agreement, enter \$0 or leave this column blank. The total of this column (State and Federal) will appear in Box 4.
34. Award This Action: Enter the amount of the current award for each CFDA #. If this is the original award, enter the full amount of the award. If this is an amendment, enter the amount of the amendment. If the amendment does not affect the funding of this CFDA #, enter \$0 on that row. The total of this column (State and Federal) will appear in Box 5.
35. Cumulative Award: The amounts in this column are automatically calculated as the amount in Column 33 plus the amount in Column 34. The total of this column (State and Federal) will appear in Box 6.

The following information is required *only for federal subrecipient awards*. The information recorded in Boxes 36 through 40 is found on the Federal grant award to the State Granting Agency from which funds are being subawarded. If an award is being issued from multiple Federal awards to the State under the same CFDA #, it may be necessary to enter multiple rows in this section in order to enter the appropriate information in Boxes 36 through 40.

36. FAIN: This is the Federal Award Identification Number assigned by the Federal granting agency.
37. Federal Award Date: This is the date that the Federal Granting Agency official signed the award to the State Granting Agency.
38. Total Federal Award: This is the total amount of the Federal award to the State Granting Agency.
39. Federal Awarding Agency: This is the Federal Agency that issued the award to the State Granting Agency.
40. Federal Award Project Description: This is the title/description of the Federal award to the State Granting Agency.

### Section IV – Contact Information

41. Enter contact information for the State Granting Agency. This individual should be the State's main point of contact for the award and is not required to be the Appointing Authority.
42. Enter contact information for the Grantee. This individual should be the Grantee's main point of contact for the award and is not required to be the grantee official who signed the award.



## REFERENCE 2CFR Chapter I & II, Part 200

As a Subrecipient of federal funds, the Subrecipient is required to adhere to the following federal regulations:

Uniform Guidance, 2 CFR Chapters I & II Part 200

These circulars may be found on the Office of Management and Budget website at:

<http://www.whitehouse.gov/omb/circulars/index.html>

## ESTABLISH OFFICIAL GRANT FILE

1. Signed original grant agreement
2. Grant Award Document
3. Amendments
4. Risk Assessment
5. Subrecipient/Contract determination
6. Certificate of Insurance
7. Correspondence
8. Monitoring Checklists
9. Financial Reports
10. Programmatic Reports
11. Audit Reports
12. Corrective Action Plans (if applicable)
13. Grant close out letter
14. Any other information relevant to monitoring activities

## SUBRECIPIENT MONITORING ACTIVITIES

The Program/Grant Manager will monitor all grants to verify that funds were expended for their intended purpose and that all the terms and conditions of the award were met. The following monitoring activities shall be conducted:

- A. Low Risk: (minimum requirement for all grants)
  1. Telephone Call/Email, and
  2. Desk review of financial and/or program progress reports, and
  3. Onsite programmatic monitoring visit every 3 years. The Program/Grant Manager will establish a rotating cycle based on available resources.
- B. Moderate Risk:
  1. ALL Low Risk requirements, and
  2. Review of backup documentation such as invoices, payroll registers, time and effort reports, etc., or
  3. On-site programmatic monitoring visit during the life of the grant.
- C. High Risk:
  1. ALL Low Risk requirements, and
  2. On-site programmatic monitoring visit during the life of the grant, or
  3. Partner with the SOV Internal Audit Group to review most recent audit, or
  4. Request limited scope audit, or
  5. Request full audit review, or
  6. Additional monitoring as recommended by the SOV Internal Audit Group.
- D. Grant Monitoring Checklist shall be used to document monitoring activities.
- E. If new or additional information becomes available to the Grant/Program Manager, a new Risk Assessment should be completed and monitoring activities will be subject to this revised Risk Assessment.

## Onsite Monitoring

There are two types of onsite monitoring: programmatic and financial. The following outlines a programmatic monitoring visit. Financial monitoring is done by the SOV Internal Audit Group.

1. Schedule date/time for visit and ask for the following items to be sent ahead of scheduled visit:
  - a. Job description(s) for the positions funded in part or whole by the agreement
  - b. One quarter's time sheets for the positions funded in part or whole by the agreement
  - c. Isolate a line item on a received invoice and request the source documents upon which the amount is based
2. Prior to site visit
  - a. Review the job description(s) to see if they accurately reflect the work done under this agreement
  - b. Review the time sheets and note how time is attributed to this program
  - c. Review the source documents for the invoice line item
  - d. Review Grantee Risk Assessment
  - e. Review all correspondence, financial, program, and performance reports
3. Site Visit
  - a. Ask follow-up questions on the job description(s), time sheets, and source documentation as needed. Potential questions:
    - i. Are the hourly rates in the grant budget the actual employee rates or just the rate charged to the program? How is time charged to this program?
    - ii. Regarding source documentation, please explain how you arrived at this figure. What is the formula or calculation used?
  - b. Ask questions regarding any correspondence or financial, program, or performance reports as needed.
  - c. If high or moderate risk, ask questions regarding the issues that increased the organization's risk of non-compliance.
    - i. Address how the subrecipient is mitigating the risk. What, if any, changes have taken place?
4. Write up
  - a. Complete a Grant Monitoring Checklist detailing the results of the site visit.
  - b. Save copies of all provided documentation to the grant file.
  - c. Issue written correspondence to the organization detailing the results of the monitoring and outline follow up measures.

## General Grant Monitoring Checklist

Grantee and Grant Information	
Grantee Name:	
Grantee Address:	
Grant Program/Project:	
Grant Number:	
Grantee Contact Person(s):	
Grantor Contact Person(s):	
Monitoring Information	
Date:	Conducted by: _____ Reviewed by: _____
<p style="text-align: center;"><u>Type of Monitoring</u></p> <p>Telephone Call/Email <input type="checkbox"/></p> <p>Financial Report Review <input type="checkbox"/></p> <p>Progress Report Review <input type="checkbox"/></p> <p style="padding-left: 40px;">Site Visit <input type="checkbox"/></p> <p>Limited-Scope Audit <input type="checkbox"/></p> <p style="padding-left: 40px;">Audit Review <input type="checkbox"/></p>	<p style="text-align: center;"><u>Purpose of the Monitoring</u></p> <p>During the award progress monitoring <input type="checkbox"/></p> <p style="padding-left: 100px;">End of the award monitoring <input type="checkbox"/></p> <p style="padding-left: 150px;">Follow-up review <input type="checkbox"/></p> <p style="padding-left: 150px;">Other <input type="checkbox"/></p>
Grantee Staff Contacted:	
Monitoring Results/Comments:	
Follow-Up Necessary: <input type="checkbox"/> Yes <input type="checkbox"/> No      Deadline: _____	
Grantee Contact Responsible for Follow-Up: _____	

## Sanctions for non-compliance of agreement and regulations

Prior to applying sanctions, Program/Grant manager should first warn the grantee in writing of non-compliance, possible consequences of inactions by the grantee, and allow a reasonable time for response given the circumstances.

Depending on the circumstances of the non-compliance, the following sanctions shall be considered with the consensus of program, grant manager, and operations.

- Delaying payments or issuing partial payments
- Making payments on a reimbursement basis only
- Placing additional reporting requirements on the award, provided the grant agreement allows for this remedy
- Disallowing costs and/or offsetting or requesting repayment if funds had been advanced
- Conducting or arranging for an independent audit
- Cancellation of the award
- Classifying the grantee as “high-risk” and withholding future awards

## Close out grant agreement

All grant awards should be closed out when the award period ends or earlier if program, grant manager, and operations determine that all applicable administrative actions and all required work of the award have been completed. Three actions should be taken and documented:

- A. The grant manager should make sure that all financial and programmatic reports have been received.
- B. The grant manager should reconcile amounts paid to the grantee with reported expenditures.
- C. A close out letter to the grantee should be sent to reduce any unexpected issues arising with payment. The letter should identify the grant, state the grantor has fulfilled its obligation, and provide 5 business days for response to outstanding matters that the awardee feels may have been overlooked.