



Policy Type: Administrative

Category: Fiscal and Budget

Policy Name: Subrecipient Monitoring Policy

Policy Owner: County Administrative Office

Policy Purpose

The purpose of this policy is to establish the County’s procedures for determining eligibility of subrecipients and monitoring the County’s subrecipients of Coronavirus State and Local Fiscal Recovery Funds (SLFRF), to ensure each subrecipient’s compliance with all applicable federal statutes, regulations, and the terms and conditions of the County’s subawards to such subrecipients.

Background

On March 11, 2021, the American Rescue Plan Act of 2021 (H.R. 1319) (ARPA) was signed into law, and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds (SLFRF), which together make up the SLFRF program. The SLFRF program provides local fiscal aid to support urgent COVID-19 response efforts, cover increased expenditures, replenish lost revenue, and mitigate public health and negative economic impacts caused by the COVID-19 pandemic.

The County needs to ensure all SLFRF award funds are used in compliance with the U.S. Department of Treasury’s (Treasury) Interim Final Rule (Interim Final Rule), which was adopted to implement the eligible use categories above, and restrictions on the use of funds under the SLFRF program.

On January 6, 2022, Treasury issued a Final Rule (Final Rule), effective April 1, 2022. Prior to the Final Rule’s effective date, the County could take advantage of the Final Rule’s flexibilities and simplifications, as the County was informed by Treasury that Treasury will not take action to enforce the Interim Final Rule to the extent that a use of funds is consistent with the terms of the Final Rule, regardless of when the SLFRF are used.

The Final Rule clarifies that if the County is providing SLFRF funds to an individual or entity for the purpose of carrying out an SLFRF program or project on behalf of the County, then that individual or entity is acting as a subrecipient. Accordingly, the County considers such individual or entity as a subrecipient.

In contrast, if the County is providing funds to an individual or entity for the purpose of directly benefitting that individual or entity, as an end user, as a result of experiencing a public health impact or negative economic impact of the pandemic, then that individual or entity is acting as a beneficiary, not a subrecipient. The County expects that



beneficiaries will receive funds through programs or projects that are operated by the County or through programs or projects that are operated on behalf of the County by subrecipients that are selected by the County.

Policy Summary

The County is accountable to the Treasury for oversight of the County's subrecipients, and shall monitor all of the County's subrecipients of SLFRF to ensure each such subrecipient complies with [Part 200 of Title 2 of the Code of Federal Regulations \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), referred to in this policy as "2 CFR 200" or the "Uniform Guidance."

This policy covers key areas for the County's monitoring of its subrecipients' use of SLFRF provided by the County. The scope and extent of the County's monitoring efforts shall be based on the ARPA and Uniform Guidance requirements, and results of the County's risk assessment of each subrecipient, discussed below.

The Auditor-Controller/Treasurer-Tax Collector Department ("ACTTC") requires all Department Heads and Fiscal Officers monitoring subrecipient agreements to certify that they have followed this policy, and have complied with all the subrecipient monitoring and management requirements of [Subpart D of Part 200 of Title 2 of the Code of Federal Regulations \(Post Federal Award Requirements\)](#)¹ by completing the County's Subrecipient Monitoring Certification every fiscal year.²

Subrecipient and Contractor Determinations

The County needs to make case-by-case determinations whether each agreement it makes for the disbursement of SLFRF casts the party receiving the funds in the role of subrecipient or a contractor.

Only subrecipients are subject to the monitoring requirements described in this policy.

- A contract is for the purpose of the County obtaining goods and services for the County's own use to carry out the project or program under a federal award, and creates a procurement relationship between the County and the contractor (see [2 CFR § 200.331\(b\)](#)).
- A subaward is provided by the County to a subrecipient for the subrecipient to carry out a portion of a Federal award, and creates a federal assistance relationship between the County and the subrecipient (see [2 CFR § 200.331\(a\)](#)). A subaward uses the SLFRF to carry out a County program for a public purpose specified in ARPA, as opposed to providing goods or services to the County for the benefit of the County.

¹ 2 CFR § 200.332.

² Same as immediately preceding.



Pre-Subaward Requirements

Prior to receiving SLFRF, each subrecipient must execute an agreement with the County specifically designating how the funding will be utilized, and how it relates to the County's Mission, Vision and Goals. At the completion of the grant award period, the subrecipient must also provide a detailed expenditure report that illustrates the actual expenditures funded by the award.

Each SLFRF request should indicate if the program will be administered by the subrecipient, or if the County will assist with the administration of the program.

- If the County will assist with the program, the department that would be charged with administration shall be consulted, and draft procedures are subject to approval by the department head.
- The County Administrative Office should be consulted for direction, when necessary.

Furthermore, if the County desires to engage a subrecipient to carry out an ARPA program for the County, the department head or his or her designee of the County department or office that is seeking to engage the subrecipient for the SLFRF program shall, before the Board of Supervisors (the Board) or authorized officer (e.g., such as the County Administrative Officer or the Purchasing Agent, or by delegation by the Board) (Authorized Officer) awards SLFRF to any subrecipient:

- Verify that the required ARPA eligibility determinations have been performed by that department staff. For example, if the determination of eligibility is based upon an approved application or plan, obtain a copy of such document, and identify and confirm the applicable eligibility requirements; and
- Verify that the potential subrecipient is not debarred, suspended, or otherwise excluded from receipt of Federal Funding under ARPA.³ The verification shall be accomplished by:
 - Checking the federal [System for Award Management \(SAM\)](#) Exclusions (record of entities debarred, suspended, proposed for debarment, declared ineligible, or excluded or disqualified, and cause for the exclusion); and
 - Collecting a certification from the entity (see Appendix A for an example); and
 - A clause or condition also needs to be included in the covered transaction with that entity to require reporting of any debarment or suspension occurring during the subgrant period.
- Maintain documentation showing that the verification was successfully

³ 2 CFR §200.332(d)(4).



completed before or at the time of subgrant execution.

- For any proposed subgrant that is subject to approval by the Board:
 - No proposed subgrant shall be presented to the Board without such verification having been successfully completed, and
 - The agenda item shall state that such verification has been successfully completed, and that the proposed subaward complies with the requirements of 2 CFR § 200.332.
- For any proposed subgrant that is subject to approval by any Authorized Officer, the verification process for Board awards of subgrants shall be followed, except that such Authorized Officer shall be presented with a memorandum advising of such successful verification.

County Responsibilities

To comply with [2 CFR § 200](#), before awarding the subaward of SLFRF, and after the subrecipient agreement has been approved by the Board of Supervisors, the County shall:

- Ensure that every subaward is clearly identified to the subrecipient that the award is as a subaward of SLFRF;
- Ensure the subaward includes required information listed in [2 CFR § 200.332\(a\)](#) at the time of the subaward, as discussed further below (See Subaward Identification), and, if any of the data elements in this required information change, include the changes in a subsequent subaward modification;
- Evaluate each subrecipient's risk of noncompliance with statutes, regulations, and terms and conditions of the subaward, as stated below ([2 CFR § 200.332\(b\)](#));
- Consider imposing specific subaward conditions on subrecipients, if appropriate (examples of conditions that may be added can be found in [2 CFR § 200.208](#));
- Monitor subrecipient activities as necessary, to ensure that the subaward is used for authorized purposes, in compliance with the Uniform Guidance, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved (2 CFR § 200.332(d));
- Retain documentation to demonstrate the performance of monitoring activities;
- Verify that every subrecipient is audited, as required by [Subpart F of Title 2 of](#)



[the Code of Federal Regulations \(Audit Requirements\)](#), when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equal or exceed the threshold set forth in [2 CFR § 200.501](#) (generally, \$750,000);

- Consider the need for adjustments to the County's records based on the results of subrecipient's audits, on-site reviews, or other monitoring; and,
- Take enforcement actions against noncompliant subrecipients, as described in [2 CFR § 200.339](#).

Subaward Identification

The County shall ensure that every subaward is clearly identified to the subrecipient as a subaward. Refer to [2 CFR § 200.332\(a\)](#) for the complete list of requirements, which includes, but is not limited to:

- Federal Award Identification, see [2 CFR § 200.332\(a\)\(1\)](#) for identification requirements;

County compliance requirements imposed on the subrecipient [2 CFR § 200.332\(a\)\(2\)](#) and [2 CFR § 200.332\(a\)\(3\)](#);

- Indirect cost rate, either the one negotiated between the subrecipient and the Federal Government, or if no such rate exists, then one negotiated between the subrecipient and the County ([2 CFR § 200.332\(a\)\(4\)](#));
- Requirements for the subrecipient to provide access by the County and its auditors to the subrecipient's records and financial statements as necessary for the County to satisfy its requirements as a recipient [2 CFR § 200.332\(a\)\(5\)](#); and,
- Terms and conditions concerning closeout of the subaward [2 CFR § 200.332\(a\)\(6\)](#).

Subrecipient's Risk of Noncompliance

Prior to award, the department shall evaluate the subrecipient's risk of noncompliance with the Uniform Guidance, and the terms and conditions of the subaward, which risk assessment shall be documented, [2 CFR § 200.332\(b\)](#). Depending on the County's assessment of a subrecipient's noncompliance, following award, the County may utilize the tools specified in Subrecipient Monitoring, described below. Subrecipients who pose a greater risk of noncompliance should be subject to more intensive, and more frequent monitoring. The County's evaluation of the subrecipient's risk of non-compliance may include consideration of such factors as:



- Subrecipient's prior experience with the same or similar subawards;
- Results of previous audits;
- Changes to subrecipient's personnel or systems; and,
- Extent and results of federal awarding agency monitoring, if applicable (e.g., if the subrecipient also receives SLFRF directly from the Treasury).

Subrecipient Monitoring

The County shall monitor subrecipients on a quarterly basis (90 days) throughout the term of the agreement (department should establish a regular monitoring schedule and document all monitoring), to ensure all subrecipients comply with the Uniform Guidance, ARPA terms and conditions, that the subaward is used for authorized purposes, and that the subaward performance goals are achieved, as follows [2 CFR § 200.332\(d\)](#) :

- Reviewing subrecipient's financial and performance reports;
- Ensuring subrecipients provide timely reports and information, as required in the SLFRF terms;
- Following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies pertaining to the SLFRF provided by the County, as detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the SLFRF award; and,
- Issuing a management decision on Audit Findings, as required by [2 CFR § 200.521 \(Management Decision\)](#).

Monitoring methods may include, but are not limited to (2 CFR § 200.332(e)):

- Frequent (monthly or bi-monthly), scheduled phone conversations with the subrecipient's management;
- In-person or Virtual meetings with the subrecipient's management;
- Written progress reports;
- Financial status reports;
- Periodic checks of the SAM Exclusions on the SAM.gov website;
- Review of draft deliverables;



- Arranging for agreed-upon procedures engagements as described in 2 CFR § 200.425 (for subrecipients who are exempted from the requirements of the Single Audit Act and 2 CFR § 200.500 et. seq.);
- Site visits and reviews of subrecipient program operations; and,
- Providing subrecipients with training and technical assistance.

Subrecipient Monitoring Certification

- 1) On an annual basis, to coincide with the Fiscal Year, the ACTTC will send the department managing a subrecipient agreement a Subrecipient Monitoring Certification, along with a specific deadline, not to exceed 15 days, when it shall be completed and returned.
- 2) The department managing the subrecipient agreement will be required to complete and return the Subrecipient Monitoring Certification, by the specified deadline, to the ACTTC.

Closeout of Subrecipient Awards

The County shall initiate subaward closeout actions following the conclusion of the subaward period of performance. See [2 CFR § 200.344](#) for the list of actions required to complete this process.

Definitions

For the purposes of this policy, the following definitions apply:

- 1) **“Audit finding”** means a significant issue or deficiency identified during the audit.
- 2) **“Federal program”** means all federal awards which are assigned a single number in the Catalog of Federal Domestic Assistance (CFDA). In the absence of a CFDA number, all Federal awards to non-Federal entities from the same agency made for the same purpose shall be combined and considered one program.
- 3) **“Subrecipient”** means a non-federal entity that: (a) receives a subaward from the County, and (b) is accountable to the County for the use of the SLFRF allocated by the County to carry out the sponsored program.

Penalties

The County should inform subrecipients of the possibility of penalties and recoupment if they violate the requirements of their subaward.



Related Policies

- Annual Audit Requirements for Federal Awards – Single Audit – <https://saecommon.sccgov.org/countypolicy/Annual-Audit-Requirements- for- Federal-Awards-Single-Audit.pdf>

Related Forms and Information

- Code of Federal Regulations: The Executive Office of the President, Office of Management and Budget’s (OMB) guideline 2 CFR Part 200 (referred to as the “Uniform Guidance”) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - <https://www.ecfr.gov/cgi-bin/text-idx?SID=6798d79c67d230c2c3739f00095936d9&mc=true&node=pt2.1.200&rgn=div5>

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History

Date	Changes Made
06/21/2022	Policy Adopted.