

State of Louisiana

Governor's Office of Homeland Security & Emergency Preparedness

Subrecipient Monitoring Program:

**Public Assistance, Hazard Mitigation, Preparedness Grant and
Other Federal Grant Programs**

Updated: September 2015

TABLE OF CONTENTS (TOC)

I.	SUBRECIPIENT MONITORING PROGRAM	3
A.	OVERVIEW	3
B.	PURPOSE & SCOPE	4
C.	POLICY	5
II.	RISK ASSESSMENT	6
A.	OVERVIEW & PURPOSE	6
B.	HOW THE RISK ASSESSMENT WORKS	6
C.	ROLES & RESPONSIBILITIES	7
D.	PROCEDURES TO BE PERFORMED	8
E.	SUBRECIPIENT MONITORING PLAN & TRACKING SPREADSHEET	12
F.	COORDINATING MONITORING ACTIVITIES	13
III.	DESK REVIEWS	14
A.	OVERVIEW	14
B.	PROCEDURES	15
IV.	SITE VISIT REVIEW	21
A.	OVERVIEW	21
B.	PROCEDURE	21
V.	ONGOING COMMUNICATION	24
A.	OVERVIEW	24
B.	PROCEDURE	24
VI.	APPENDIX A – DOCUMENTATION & TEMPLATES	25

I. SUBRECIPIENT MONITORING PROGRAM

[Back to TOC](#)

A. Overview

[Back to TOC](#)

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) receives funding on behalf of the State of Louisiana through the Public Assistance (PA), Hazard Mitigation (HM) Grant Programs (Disaster and Non Disaster Mitigation Assistance) and Preparedness grant programs (EMPG and HSGP: SHSP, UASI, OPSG, etc.) from the Federal Emergency Management Agency, an agency of the U.S. Department of Homeland Security. The objectives of the programs are to assist state, tribal and local governments and certain types of private non-profit organizations as follows:

CFDA Number	Program Name	Program Purpose
97.029	Flood Mitigation Assistance	To assist states, Indian tribal governments, and communities in reducing or eliminating the long-term risk of flood damage to structures insured under the National Flood Insurance Program (NFIP).
97.032	Crisis Counseling	To provide short-term crisis counseling services to people affected by a Presidentially-declared major disaster. The purpose of the program is to help relieve any grieving, stress, or mental health problems caused or aggravated by the disaster or its aftermath. Assistance is short-term in nature and provided at no cost to the disaster survivor.
97.036	Public Assistance	To assist state and local governments in responding to and recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed.
97.039	Hazard Mitigation	To provide funding support to states, tribes, territories, communities, and other eligible applicants to implement mitigation planning and hazard mitigation measures that are cost effective and which substantially reduce the risk of future damage, hardship, loss or suffering in any area affected by a major disaster.
97.042	Emergency Management Performance Grants	The EMPG Program provides resources to assist state, local, tribal and territorial governments in preparing for all hazards building and sustaining emergency management capabilities through approved emergency plans, completion of Threat and Hazard Identification Risk Assessments (THIRA), development and maintenance of multi-year training and exercise plans (TEPs), and providing targeted training and verification of personnel capability
97.047	Pre-disaster Mitigation	To provide funding support to states, tribes, territories, communities, and public colleges and universities for pre-disaster mitigation planning and projects primarily addressing natural hazards. This program promotes implementation of activities designed to reduce injuries, loss of life, and damage and destruction to property from natural hazards.
97.052	Emergency Operation Centers	This program provides funding for construction or renovation of a state, local or tribal government's principal Emergency Operations Center, as fully capable emergency operations facilities at the state and local levels are an essential element of a comprehensive national emergency management system and are necessary to ensure continuity of operations and continuity of government in major disasters cause by any hazard.

CFDA Number	Program Name	Program Purpose
97.055	Interoperable Emergency Communications	To provide governance, planning, training and exercise funding to States, territories, and local and tribal governments to carry out initiatives to improve interoperable emergency communications, including communications in collective response to natural disasters, acts of terrorism, and other man-made disasters. All activities proposed under the program must be integral to interoperable emergency communications and must be aligned with the goals, objectives, and/or initiatives identified in the grantee's approved Statewide Communication Interoperability Plan (SCIP). The program provides the flexibility to purchase interoperable communications equipment.
97.067	Homeland Security	To provide funding support for the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other catastrophic events. The program also addresses the unique planning, organization, equipment, training, and exercise needs of high-threat, high-density Urban Areas, and assists them in building an enhanced and sustainable capacity to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.
97.075	Rail & Transit Security Grant Program	Examples of tangible outcomes from the TSGP and IPR Program include building and sustaining emergency management capabilities through operational activities, operational packages (OPacks), Top Transit Asset List (TTAL) remediation; protection of high risk/high consequence underwater and underground rail assets; planning; use of visible, unpredictable deterrence; emergency Preparedness drills and exercises; public awareness and Preparedness campaigns; and protection of other high risk, high consequences areas or systems that have been identified through system wide risk assessments.
97.078	Buffer Zone Protection Program	The Buffer Zone Protection Program (BZPP), provides funds to increase the Preparedness capabilities of jurisdictions responsible for the safety and security of communities surrounding high-priority Critical Infrastructure and Key Resource (CIKR) assets through planning and equipment acquisition.
97.110	Severe Repetitive Loss Program	To assist states and local governments in supporting actions that reduce or eliminate the long-term risk of flood damage to residential properties insured under the National Flood Insurance Program (NFIP) that meet the definition of severe repetitive loss property, and to reduce losses to the National Flood Insurance Fund (NFIF) by funding projects that result in the greatest savings to the NFIF in the shortest time period.

An organization eligible for and that receives funding directly from GOHSEP is referred to as a **Subrecipient**. As defined by the Office of Management and Budget (OMB) under Subpart F, a Subrecipient is typically a non-federal entity that expends federal awards received from a pass-through entity to carry out the purposes of a federal program, but does not include an individual that is a beneficiary of such a program (e.g., citizens, students). A Subrecipient may also be a grantee of other federal awards directly from a federal awarding agency.

At GOHSEP, funds are passed-through to Subrecipients through the PA, HM, and Preparedness Grant Programs with the purpose to assist with debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly-owned facilities and the facilities of certain Private Non-Profit (PNP) organizations, and Preparedness organizations, training, exercising, planning and equipment.

2 CFR § 200.331 specifically states that GOHSEP must monitor grantee and Subrecipient supported activities for compliance with applicable federal requirements and that performance goals are being achieved

B. Purpose &

Scope

[Back to TOC](#)

The purpose of the Subrecipient Monitoring Program is to assist GOHSEP and its Subrecipients in meeting performance goals and compliance requirements stipulated by the federal government as they relate to monitoring activities of Subrecipient projects funded through the PA, HM, and PREPAREDNESS Grant Programs.

This policy and procedures manual applies to significant processes that are related to the Subrecipient Monitoring Program; this includes, but is not limited to: performing a risk assessment, completing desk reviews, performing site visit reviews, and maintaining ongoing communication with Subrecipients. Monitoring activities are required for all Subrecipients receiving funding through the PA, HM, and Preparedness Grant Programs. However, the extent of monitoring activities will vary among Subrecipients.

C. Policy

[Back to TOC](#)

Information relevant to monitoring activities including the process and result should be documented. Monitoring efforts for each Subrecipient should be captured and serve as evidence of the Subrecipient Monitoring performed for each program. Policies and procedures relevant to the Subrecipient Monitoring Program should be considered part of the internal control structure for the PA, HM, and Preparedness business processes.

II. RISK ASSESSMENT

[Back to TOC](#)

A. Overview & Purpose

[Back to TOC](#)

A risk assessment is performed to determine the type and level of monitoring that should be performed for each Subrecipient. The objective of a risk assessment is to guide the level of monitoring for each Subrecipient that will yield enough confidence that the Subrecipient is complying with federal requirements. Subrecipients ranked as higher risk should yield additional monitoring procedures performed. Monitoring procedures range from desk reviews to extensive site visit reviews.

B. How the Risk Assessment Works

A risk assessment tool has been developed to determine the risk level for each Subrecipient based on numerous characteristics attributable for each program. As a first step, Subrecipients are evaluated under three risk factors – financial, operational, and compliance.

- **Financial risk** relates to the potential that an entity will not have cash flow to meet its financial obligations.
- **Operational risk** is the current and potential risk to an entity resulting from inadequate or failed internal processes which result in missing project deadlines, budgeting challenges, and other operational factors.
- **Compliance risk** is the current and potential risk to an entity from violations of, or nonconformance with laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards.



The three risk factors described above branch out into risk indicators which ultimately serve as instruments to assess the risk of an Subrecipient not complying with the rules and regulations of the PA, HM, and PREPAREDNESS Grant Programs.



A score per risk factor is obtained, which will indicate if the Subrecipient is weak in all three risk areas or if there is a specific factor of weakness. (E.g. a Subrecipient may have strong controls over their financial processes and their operations while not complying with PA, HM, or PREPAREDNESS requirements. In this case, the Subrecipient is only high risk under compliance standards). As a final step, an overall risk score is obtained for each Subrecipient by calculating the sum of all three risk factors to rank the Subrecipient with an overall risk score.

A separate risk assessment is performed for each program. Based on the characteristics of each program, some risk

indicators are similar while others are distinct for individual programs. The weights assigned are dependent on an analysis of the data provided, and separate weights are assigned for each program's risk factors and risk indicators. For management reporting and site visit selection purposes, the overall risk level (high, moderate, low) is translated in to a numerical overall risk score for each program. The sum of the numerical overall risk scores for each program is provided by Subrecipient to assist in the site visit selection process.

C. Roles & Responsibilities

[Back to TOC](#)

Below is an outline of the roles and responsibilities of each applicable member of the Subrecipient Monitoring department throughout the execution of the annual risk assessment: All responsibilities should be confirmed by management on an annual basis.

1. Deputy Director – Grants & Administration

- a. Reviews and approves the risk assessment results

2. Compliance Section Chief

- a. Schedules and facilitates workshops with key stakeholders to determine appropriate risk indicators and risk indicator weights
- b. Updates the risk assessment with new indicators identified by management and works with relevant business units to help determine the new information that needs tracking and reporting (in order to be measured in the risk assessment)
- c. Updates the risk value tables as risk indicators are added, removed, or modified
 - i. Distributes the annual data request list to the key stakeholders and manage to meet key risk assessment deadlines
 - ii. Reviews the risk assessment for overall data integrity (accuracy and completeness of data) and functionality of the tool
 - iii. Maintains documentation of changes to the risk level of a Subrecipient (high to moderate; moderate to high)

3. Compliance Supervisor

- a. Facilitates the data gathering process and performs extensive testing of the data for accuracy and completeness. Actively reaches out to the key stakeholders after the data request list has been distributed to confirm the understanding of the data that is needed by the key stakeholders
- b. Normalizes Subrecipient names, as necessary, between program data sources to identify the legal entity name of the Subrecipient
- c. Trends and analyzes the data received to identify the appropriate risk value ranges of the risk assessment for each risk indicator
- d. Populates the risk assessment and present various scenarios to the Compliance Section Chief based on where different weights assigned to the risk factors and indicators for each grant program.

D. Procedures to be performed

[Back to TOC](#)

A detailed walkthrough of how to modify the risk assessment is included in the Appendix.

1. Data Gathering

[Back to TOC](#)

The risk assessment tool should be populated with data annually, immediately after the beginning of the fiscal year. The risk assessment process will take approximately two-three weeks to complete.

The **Compliance Section Chief** should facilitate a workshop with key stakeholders from each grant program to review the risk indicators and discuss if any risk indicators should be added, modified, or removed.

The **Compliance Supervisor** should gather the necessary data needed for population of the risk assessment. The table below documents the current data requirements and data sources. Note that as risk indicators are added, modified, or removed, the below table should be updated.

NOTE: Data should be gathered by Subrecipient and consolidated by legal entity (e.g., depending on the nature of the organization, many Subrecipients may roll-up into one Subrecipient, such as a parish government, police jury, or city).

Please see the appendix for a document request list that can be used for future fiscal years. Please note this document must be updated as new data requirements are identified.

Below is an overview of the data requirements for the risk assessment by program:

Public Assistance	
Data Requirement	Data Source
Total amount of federal funds obligated (by Subrecipient)	Public Assistance Section Chief
Total number of PWs, total number of small PWs, & total number of large PWs (by Subrecipient)	
Total amount of questioned costs identified through grants management and document review (by Subrecipient)	
Classification of each Subrecipient (PNP or Non-PNP) (by Subrecipient)	
Total amount of federal funds paid (by Subrecipient)	Recovery Grants Administration Section Chief
Total amount of ExpressPay (EPS) requested (by Subrecipient)	
Total amount of EPS approved (by Subrecipient)	
Total amount of outstanding advances (by Subrecipient)	
Total number of Single audit findings related to GOHSEP (by Subrecipient)	SRM Monitoring Plan & Tracking Spreadsheet
Delayed submission of Single audit report to GOHSEP (by Subrecipient)	
Failure to submit Single audit report to GOHSEP (by Subrecipient)	
Adverse audit opinion identified during desk review (by Subrecipient)	
Identification of fraud	
Issues identified at technical site visits	
Number of significant issues noted during prior monitoring activities	
Number of significant issues noted and not addressed from prior monitoring activities	

Listing of Subrecipients who have been included in the PART program throughout the fiscal year	Progressive Applicant Response Team (PART)
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Hazard Mitigation	
Data Requirement	Data Source
Total amount of federal funds obligated (by Subrecipient)	Hazard Mitigation Section Chief
Total number of projects (by Subrecipient)	
Total amount of questioned costs identified through grants management and document review (by Subrecipient)	
Listing of project types and complexity by Subrecipient	
Listing of Subrecipients that have overdue projects or have missed critical project deadlines	
Total amount of federal funds paid (by Subrecipient)	Recovery Grants Administration Section Chief
Aging of longest outstanding advance for each Subrecipient (when applicable)	
Total number of single audit findings related to GOHSEP (by Subrecipient)	SRM Monitoring Plan & Tracking Spreadsheet
Delayed submission of single audit report to GOHSEP (by Subrecipient)	
Failure to submit single audit report to GOHSEP (by Subrecipient)	
Adverse audit opinion identified during desk review (by Subrecipient)	
Identification of fraud	
Issues identified at technical site visits	
Number of significant issues noted during prior monitoring activities	
Number of significant issues noted and not addressed from prior monitoring activities	

Homeland Security	
Data Requirement	Data Source
Total amount of federal funds obligated (by Subrecipient)	Homeland Security Supervisor
Total amount of federal funds paid (by Subrecipient)	
Total number of grants outstanding (by Subrecipient)	
Total amount of questioned costs identified (by Subrecipient)	
Total amount of deobligation (by Subrecipient)	
Average percentage of project progress by Subrecipient	
Total number of single audit findings related to GOHSEP (by Subrecipient)	SRM Monitoring Plan & Tracking Spreadsheet
Delayed submission of single audit report to GOHSEP (by Subrecipient)	
Failure to submit single audit report to GOHSEP (by Subrecipient)	
Adverse audit opinion identified during desk review (by Subrecipient)	
Identification of fraud	
Issues identified at technical site visits	
Number of significant issues noted during prior monitoring activities	
Number of significant issues noted and not addressed from prior monitoring activities	

2. Population of the Risk Assessment

[Back to TOC](#)

The tool uses spreadsheet controls to facilitate its use and minimize data entry errors. Formula logic has been embedded within the tool to automatically calculate risk totals to assist in determining the level of monitoring to be performed.

Each grant program has separate *Risk Indicators*, *Risk Assessment*, and *Risk Values* tabs. The tool also has a *Master Summary* tab which displays the overall risk level for each program, as applicable, by Subrecipient. This is used in prioritizing the Subrecipients who are the highest risk across all programs to assist in selecting which Subrecipients will receive site visit reviews.

- a. After receiving the necessary data, the Compliance Section Chief should input the data into the risk assessment. Please see below for an outline of the procedures to be performed to populate the annual risk assessment.
- b. Copy data received from the PA, HM, and Preparedness data sources listed above into the respective grant program's *Risk Assessment* tab of the tool. Populate the "Subrecipient Information" columns only; all other fields will auto populate through the formulas embedded. As a control check, select a sample of **five** Subrecipients and verify each data field was imported correctly.
- c. Refer to the *Risk Indicators* tab for the applicable program and adjust the percentage weight associated with each inactive risk indicator; note that all risk indicator percentages within a risk factor must equal to 100%. Once a risk indicator percentage is added for the inactive risk indicator, the risk indicator is activated on the applicable *Risk Values* tab, which includes tables that drive the formulas to calculate the risk scores.

NOTE: Some risk indicators included in the risk assessment require data sources that are not currently available. Therefore, the current version of the risk assessment tool does not consider any fields with missing data as factors of the overall risk score calculation for each Subrecipient. The risk indicators for which data is not currently available are considered inactive by assigning them a risk factor percentage of "0%". In future years, as data becomes available, the tool will require updates that will allow additional indicators be considered in the risk scores by activating the risk factors.

- d. Refer to the *Risk Values* tab and review the ranges for each risk indicator to confirm they are representative of the data population. The risk value tables are organized in columns by risk factor, with each risk indicator having a separate risk values tables. Risk indicators may be valued by using ranges or Yes/No attributes, depending on the format of the data provided. For example, the Total Federal Funds Obligated risk indicator is valued using ranges (e.g., \$0.00 - \$100,000.00, \$100,000.01 - \$250,000.00, etc.); however, the Failure to Respond to Initial Determination Letter is value using attributes (e.g., Yes/No).

For risk indicators with scoring by ranges, the upper value of each range level is the **only** value that needs to be adjusted based on the analysis.

An un-weighted risk score is assigned to each range (e.g. 0-5). Depending on the nature of the risk indicator, the un-weighted risk scores should be assigned to the ranges based on risk. For example, the larger the amount of the total federal funds obligated, the higher the risk; therefore, the highest range will have the highest un-weighted risk score. The weighted risk score is calculated by multiplying the un-weighted risk score, the risk indicator percentage weight, and the risk factor percentage weight. This weighted value is then input into the risk assessment to calculate the risk score for the applicable risk factor.

- e. As a new Subrecipient is identified, the Subrecipient should be added to the risk assessment tool and evaluated, unless the annual risk assessment is scheduled to be conducted within the next 30 days.

3. Obtaining Risk Assessment Results & Determining Site Visit Sampling Methodology

[Back to TOC](#)

Once all Subrecipient data has been input into the risk assessment, the tool produces risk scores by risk factor (Financial, Operational, and Compliance) as well as an overall risk score. Risk scores are created through the logic embedded, which involves a formula that multiplies the value assigned to each risk level against the assigned weight of the risk indicator. Scores will reflect the following results:

- **Low Risk** - There is a slight possibility of a negative impact on the Subrecipient's ability to comply with Federal requirements or meet program performance goals and objectives.
- **Moderate Risk** - There is reasonable potential of a negative impact on the Subrecipient's ability to comply with Federal requirements or meet program performance goals and objectives.
- **High Risk** - The likelihood of a negative impact on the Subrecipient's ability to comply with Federal requirements or meet program performance goals and objectives is high

The risk under Financial/Operations/Compliance areas may change in time as Subrecipients may become stronger in different factors and risk scores may need to be re-prioritized. Therefore, final risk scores should be evaluated to confirm results represent reality. It is critical to understand the reasoning behind the weights of each risk factor and risk indicator. Rather than solely focusing on the count of Subrecipients at each overall risk levels, ensure that management is focused on assigned weights that are appropriate for each area.

After the risk assessment is performed and the results are available, a sampling methodology must be determined to select the Subrecipients that will receive the highest level of monitoring (i.e. site visit reviews) for the upcoming year. Two examples of sampling approaches are provided below and may be used at management's discretion.

a. Sampling Approach #1: Cross-Program Overall Risk

- i. The risk assessment tool provides a summary of the overall risk level in each grant program by Subrecipient, which can be used to prioritize Subrecipients based on overall risk level across all programs. Each Subrecipient's risk level for each program is assigned a numerical value (High Risk = 3, Moderate Risk = 2, Low Risk = 1, No Risk / Not Applicable = 0). The numerical risk value is the aggregated across the three programs to determine the overall risk value. GOHSEP should sort the Subrecipient listing in descending order of overall risk value to assist in selecting the Subrecipients receiving site visit monitoring.
 - (1) For example, a Subrecipient that is high risk in all programs receives an overall risk value score of 9; however, a Subrecipient that is high risk in only one program with no other active programs receives an overall risk value score of 3.
- ii. Management should stratify the Subrecipients by overall numeric risk level and determine the appropriate number of Subrecipients to sample. It is important to review the percentage of program coverage, total funds obligated, and total funds paid at each level.

b. Sampling Approach #2: Overall Risk by Program

Once the overall risk level is determined for each Subrecipient by program, the following monitoring procedures should be performed for Subrecipients in each respective overall risk level:

- i. **High Risk** - Indicates this is a Subrecipient where there is a high risk that Subrecipient may not be complying with PA, HM, and PREPAREDNESS program and federal requirements. As a high risk Subrecipient, several types of monitoring activities may be necessary. All high risk Subrecipients should receive a desk review and ongoing communication, and a sample percentage (larger than moderate risk) should be selected for site visits.

Note: When high-risk Subrecipients are a large quantity of Subrecipients, the risk assessment tool allows the capability of prioritizing Subrecipients under this category. Subrecipients ranked high-risk in all risk factors (financial, operational, and compliance, should become the first priority for site visits and close monitoring activities).

- ii. **Moderate Risk** - Indicates there is a moderate risk that Subrecipient may not be complying with PA, HM, and PREPAREDNESS programs and federal requirements. As a moderate risk Subrecipient, some monitoring activities are necessary. All moderate risk Subrecipients should receive a desk review and ongoing communication, and a sample percentage (less than moderate risk) should be selected for site visits.
- iii. **Low Risk** - Indicates this is a Subrecipient where there is a low risk that Subrecipient may not be complying with PA, HM, and PREPAREDNESS programs and federal requirements. As a low risk Subrecipient, limited monitoring activities are necessary. Low risk Subrecipients requires an annual desk review and ongoing communication.

E. Subrecipient Monitoring Plan & Tracking Spreadsheet

[Back to TOC](#)

A Subrecipient Monitoring Plan & Tracking Spreadsheet has been developed to capture monitoring activities performed by GOHSEP in the effort to comply with Subrecipient federal requirements. This spreadsheet lists the Subrecipients of the Public Assistance, Hazard Mitigation, Homeland Security Grant Programs and will be used to track the progress of each Subrecipient through the monitoring process of desk reviews and site visit review (as applicable). The tracker is also used to monitor the Subrecipient's timeliness in responding to formal communication and submitting requested documentation. The results of the monitoring activities performed will be summarized in the spreadsheet under the appropriate columns.

NOTE: A template of the Subrecipient Monitoring Plan & Tracking Spreadsheet can be found embedded in this manual [Appendix A](#)

The Compliance Section Chief should import the master list of Subrecipients from the Overall Summary tab of the risk assessment into the Subrecipient Monitoring Plan & Tracking Spreadsheet and perform the following procedures:

1. Obtain Subrecipient Monitoring Plan & Tracking spreadsheet and input the list of Subrecipients from the Overall Summary tab of the risk assessment. The data elements include the following:

- a. Subrecipient Name
- b. PA Overall Risk Level
- c. HM Overall Risk Level

- d. Preparedness Overall Risk Level
- e. Desk Review Process
 - i. Audit Communication/Request Letter Tracking
 - ii. Total Federal Funds & Total GOHSEP Federal Funds Expended (Subrecipients not Subject to single audit requirements)
 - iii. Single Audit Desk Review Summary
- f. Site Visit Review Process
 - i. Site Visit Announcement Letter Tracking
 - ii. Site Visit Results Letter Tracking
- g. General Issues: Fraud & Technical Site Visit Issue Identification

The section highlighted in green should be populated by sourcing Subrecipient data from the Risk Assessment.

2. Verify data from the risk assessment was populated consistently by taking a sample of Subrecipients and compare the data entered in the risk assessment to the supporting documentation for each risk indicator.

3. If additional data elements are identified at a later date, these will need to be incorporated into the Subrecipient Monitoring Plan & Tracking spreadsheet as appropriate.

F. Coordinating Monitoring Activities

[Back to TOC](#)

Given the volume of Public Assistance, Hazard Mitigation, Homeland Security Subrecipients, challenges result in retaining specific Subrecipient knowledge throughout the staff of the Public Assistance, Hazard Mitigation, and Homeland Security grant programs. The following section provides a set of procedures to facilitate the coordination of monitoring efforts.

The **Compliance Section Chief** should assign each **Compliance Analyst** a list of Subrecipients from the Site Visit monitoring sample by using the Subrecipient Monitoring Plan & Tracking spreadsheet. The **Compliance Analyst** will perform the Single Audit desk review for the Subrecipient. It is the responsibility of the **Compliance Analyst** to complete all monitoring activities within the required timeline.

If an excessive number of Subrecipients exist which makes the distribution among the Compliance Analysts unfeasible in meeting monitoring requirements, the Compliance Supervisors should absorb a certain number of monitoring procedures for Subrecipients.

III. DESK REVIEWS

[Back to TOC](#)

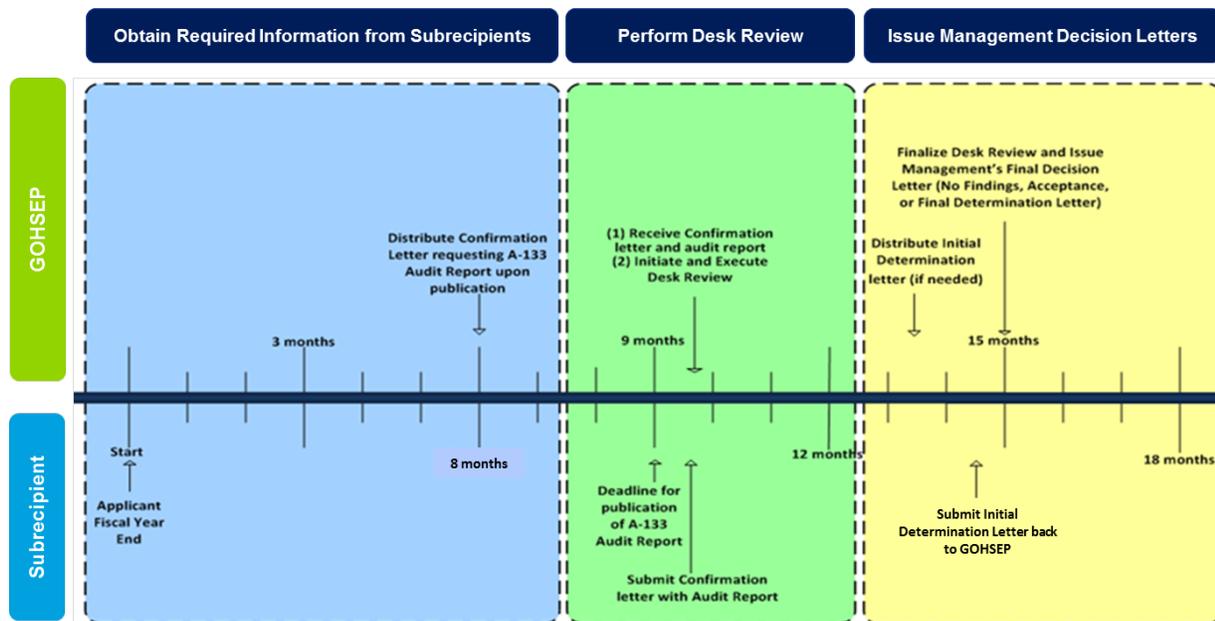
A. Overview

[Back to TOC](#)

A desk review is a monitoring activity implemented for all Subrecipients subject to the 2 CFR Subpart F audit requirements regardless of their risk category (high/moderate/low). Desk reviews are composed of a review of the subrecipient’s single audit reports for their most current fiscal year completed.

The single audit is a requirement to procure an audit for Subrecipients expending more than \$ 750,000 per year in federal funds, in total of **all** grant programs. In addition if at least \$0.01 was spent with GOHSEP grant funds, GOHSEP (as the pass-through agency) is required to obtain the single audit report, review and issue a decision on remediation plans for each finding that impacts the Public Assistance, Hazard Mitigation, and Homeland Security Grant Programs.

If the Subrecipient indicates that they are subject to the audit requirement, then the Subrecipient is instructed to submit a copy of their completed Single audit report to GOHSEP within 9 months of the Subrecipient’s year end. If the Subrecipient indicates that they are not subject to the audit requirement, then the Subrecipient is instructed to provide an explanation. GOHSEP will utilize the Subrecipient Monitoring Plan & Tracking spreadsheet to document when the confirmations were distributed to the Subrecipients, date confirmations were received, and whether or not the Subrecipient is subject to single audit requirements. Please refer to the timeline below for assistance:



B. Procedures

1. Determining if Subrecipient is subject to Single Audit requirements

[Back to TOC](#)

Federal regulation **2CFR Subpart F** states that grantees and sub-grantees are responsible to procure audits in accordance with the §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance to §200.507. The audits are to be performed by an independent auditor in accordance with Generally Accepted Government Auditing Standards. Single audit requirements are communicated to the Subrecipients at the time of award.

To initiate the desk review procedures, GOHSEP must identify Subrecipients who have received an excess of \$750,000 in federal funds during a fiscal year. The \$750,000 threshold should be considered for any source of federal funding; therefore, Subrecipients should report all federal funding sources in aggregate (NOT the GOHSEP programs only). A Single audit communication letter template has been developed for distribution to Subrecipients, with the purpose to confirm whether or not the Subrecipient is subject to the single audit requirement and the Subrecipient's fiscal year end date.

2. Obtaining Audit Certification Request Letter Responses & Audit Reports

The Single audit communication letter has been designed to request that the Subrecipient inform GOHSEP of whether or not they are subject to a Single audit. This letter should be sent to the Subrecipients that the analyst has not been able to determine if the applicant is subject to single audit requirements. The letter should be sent annually **eight months after the subrecipient's fiscal year end**.

The Compliance Analyst should perform the following procedures:

- a. Check the LLA website and Federal Audit Clearinghouse for subrecipients audit report. If not available send the Audit Certification Request Letter to the Subrecipient to which they were assigned to perform monitoring procedures eight months after the Subrecipient's fiscal year end.
- b. If reports are available but the analyst is still unable to determine if the subrecipient is subject to audit requirements, then the analyst should send the Audit Certification Request Letter to the subrecipient to which they were assigned to perform monitoring procedures eight months after the subrecipients fiscal year end.

The following data sources may provide alternatives to receiving the reports, or summary versions of the reports, in the event the Subrecipient does not provide a copy of the report:

Louisiana Legislative Auditor: <http://www.la.la.gov>

Federal Audit Clearinghouse: <http://harvester.census.gov/sac>

- c. Track and monitor responses from the date the letter was sent out for distribution. The Compliance Analyst should refer to the Subrecipient Monitoring Plan & Tracking Spreadsheet to review the "Suggested Audit Certification Letter Send Date". The Compliance Analyst should also record the actual date the *Request Letter* was sent to the Subrecipient in the "Actual Audit Certification Request Letter Date Sent" column. The "Status of Subrecipient Response to the Request Letter Information" should also be updated to "Pending".
 - i. 10 days after confirmations have been distributed to Subrecipients, refer to the Subrecipient Monitoring Plan Spreadsheet to identify Subrecipients who have not returned confirmations. The analyst should follow-up with the subrecipient via email or telephone requesting a response

regarding the status of the audit letter or report. The communication should be logged on the “Desk Review Follow up Log”.

- ii. 20 days after the confirmations have been distributed to Subrecipients, refer to the Subrecipient Monitoring Plan Spreadsheet to identify Subrecipients who have not returned confirmations. The analyst should follow-up with the subrecipient via email or telephone requesting a response regarding the status of the Audit Certification letter or report. The communication should be logged on the “Desk Review Follow up Log”
- iii. If 30 days have passed, the analyst should perform follow-up via e-mail or telephone requesting a response and indicate that non-compliance may result in the Subrecipient being submitted to the Progressive Applicant Response Team (PART). The communication should be logged on the “Desk Review Follow up Log”
- iv.
 - (1) If an extension is granted, indicate “Yes” under the “Extension Granted?” column and also enter the revised due date resulting from the extension.
- d. For Subrecipients that have not received GOHSEP funding for the past two years, a screenshot of LAPA.com payments can be used as support to determine if the applicant is subject to audit requirements.
- e. For subrecipients that are state agencies the State of LA Single Audit Report and the GOHSEP Grant Expenditures report can be used to determine if the applicant is subject to audit requirements.

Upon obtaining the completed Audit Certification request letter and/or audit report for their assigned Subrecipients, the **Compliance Analyst** should perform the following procedures:

- a. Update the Subrecipient Monitoring Plan & Tracking Spreadsheet template on a daily basis with the following information:
 - i. Status of Subrecipient Response to Audit Certification Request letter
 - a) Single Audit Report Release Date
 - b) Single Audit Report Received by GOHSEP
 - c) Fiscal Year End Date
 - d) Total Federal Funding
 - e) Total GOHSEP Funds Expended
 - b. Review the Subrecipient Monitoring Plan Spreadsheet to determine whether Subrecipient is subject to Single audit requirements and whether the audit report has been received. Based on the information entered above, the spreadsheet will automatically determine whether the Subrecipient is subject to a Single Audit. **Note:** If the threshold of federal funds expended changes based on an update to or supersede of 2CFR § 200.331, the spreadsheet formula must be updated to indicate this change in regulation.

No – No Further Desk Review Monitoring Procedures Required, complete desk review template.

Yes – Obtain Audit Report within 9 months of Subrecipient’s Fiscal Year End.

It is the **Subrecipient’s** responsibility to submit their Single Audit report to GOHSEP within **9 months** of the entity’s fiscal year end. Likewise, it is GOHSEP’s responsibility to provide a management decision within **6 months** after review of the report. Therefore, it is important for GOHSEP to perform extensive actions in order to request and receive the report. The Compliance Analyst should document all follow-up communication on the Subrecipient Monitoring & Tracking Spreadsheet and Desk Review Follow up Log.\

- c. The Compliance Supervisors and Section Chief should review the subrecipient Monitoring Plan & Tracking spreadsheet on a regular basis to determine the status of each subrecipient's desk review.

3. Single Audit Desk Review Procedures

[Back to TOC](#)

If it is determined that the Subrecipient is not subject to Single audit requirements the **Compliance Analyst** should complete the desk review template to indicate this decision. The desk review should then follow the normal review and approval procedure as outlined below.

For Subrecipients that are subject to the Single audit requirements the review of the audit reports should be performed by the **Compliance Analyst** as soon as audit reports are received. GOHSEP has 6 months from the date the audit report has been issued to issue a management decision.

The Single Audit Desk Review spreadsheet should be used to perform the desk review. The first tab of the Desk Review is set up to verify the audit report includes the documentation necessary to perform the review. If findings exist, refer to the second tab of the Desk Review Log and complete the form for each finding deemed relevant to the GOHSEP grant programs.

- a. All current year findings should be reviewed and evaluated to determine if they are applicable to the GOHSEP program.

- i. Findings normally include references of each program affected (in this case, refer to all reference findings that relate to the GOHSEP programs)

- ii. If findings do not include references to programs, attempt to perform the review by considering the following aspects:

- (2) **Audit scope:** Normally defined in the initial portion of the audit report and in the engagement letter (if provided).

- (3) **Direct impact:** The nature of these findings clearly identifies an adverse impact to a process/transaction funded by the GOHSEP programs (e.g. expenses with no supporting invoices, unauthorized expenses, and untimely payments to vendors). It is important to note the relevance of this type of findings will vary depending on:

- The **type of administration** that the organization requires (e.g. a State University vs. the Sheriff's Office).
- The **type of project funded** by the GOHSEP programs (e.g. If the program is funding a construction project for a new office building and the audit finding relates to segregation of duties issues in the Accounts Payable Department, then the finding is relevant as expenses reimbursed by the GOHSEP grant programs could be inappropriate. However, if the project was funding the training of city police, then the finding would not be relevant.)

- (4) **Indirect impact:** These findings are normally pervasive; therefore, they impact all processes/transactions. Emphasis should be placed in assessing

internal control findings, financial reporting and disclosure issues, and control environment breakdowns.

- b. Document determination on whether current year findings are relevant to the GOHSEP grant programs under the first tab of the Desk Review spreadsheet (all current and prior year findings should be documented).
- c. Prior year findings should also be reviewed. Prior year findings are listed under the Summary Schedule form for consistency purposes, this schedule will be referred to as the "Summary Schedule" throughout this document. The Summary Schedule is included as part of the Audit Report in cases where the Subrecipient presented prior year findings in the audit report.
 - i. Perform the same analysis in Section a) above to assess if findings from prior years are relevant to the GOHSEP grant programs.
 - ii. Document determination on whether prior year findings are relevant to the GOHSEP grant programs under the first tab of the Desk Review spreadsheet (all current and prior year findings should be documented).
- d. Review Corrective Action Plans (Only applicable to findings relevant to the GOHSEP grant programs)
 - 1. **Current year findings** - At the completion of the audit, the Subrecipient is required to prepare a corrective action plan to address each audit finding included in the current year auditor's reports (Section named "Management Letter").
 - 2. Review remediation plans and assess if Corrective Action Plans provided by the Subrecipient will correct the root cause of the issue.
 - 3. Consider comparing audit recommendation and corrective action plans provided by the Subrecipient and assess reasons for deviation.
 - 4. Questioned costs should be researched and evaluated in a case by case basis.
 - 5. If the Subrecipient does not agree with the audit findings or believes corrective action is not required, then the corrective action plan should include an explanation and specific reasons. Assess reasons for reasonableness and objectivity.
 - 6. The corrective action plan should provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned (steps), and the anticipated completion date.
- ii. **Prior year findings** - The summary schedule of prior audit findings should report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The summary schedule should also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected or findings that are no longer valid or not intending further action in accordance with the following criteria:
 - 1. When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.
 - 2. When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.
 - 3. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal Agency or GOHSEP's management decision, the summary

schedule should provide an explanation.

4. When the Subrecipient believes the audit finding is no longer valid or it does not require further action. The reasons for this position should be described in the summary schedule (and incorporated in the Desk Review Log). A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:
 - Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse;
 - The Federal agency or pass-through entity is not currently following up with the Subrecipient on the audit finding; and
 - A management decision was not issued.
- e. Upon completion of Desk Review, save the form to SharePoint under the Subrecipient's folder using the proper naming convention.
- f. Upon completion of the desk review by the Compliance Analyst, the Compliance Supervisor will perform a detailed first-level review of the Desk Review package, sign off, and submit Desk Review to Compliance Section Chief for final review with appropriate Management Decision letter.
- g. Upon completion of the first-level review by the Compliance Supervisor, the Compliance Section Chief should perform a second-level review of the Desk Review package, sign off, and approve the Management Decision letter

2. Issuing Determination Letters

a. Corrective Action Plan Not Adequate

1. If the corrective action plan provided by Subrecipient management is not adequate, this should be communicated using the **Initial Determination Letter**. Use the Desk Review to populate the specific findings and questioned costs.
 - During informal resolution, the Subrecipient may provide documentation to support that costs are allowed and proposed corrective action of administrative findings. Informal resolution discussions may be held by telephone, if necessary, but in person is preferable.
 - Negotiations of repayments can be initiated at this time. Informal resolution should be documented.
 - Prior to issuing the management decision, GOHSEP may request additional information or documentation from the Subrecipient, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the Subrecipient.
2. At due date of Management decision (6 months after audit report was issued), GOHSEP must issue a **Letter of Acceptance** in the case Remediation Plans and Questioned Costs were resolved and accepted. In the case Remediation Plans and Questioned Costs were not resolved; a **Final Determination Letter** must be issued.
3. The management decision should clearly state whether or not the audit finding is sustained, the reasons for the decision, the consequences to the Subrecipient (i.e. repay disallowed costs, make financial adjustments, or take other action), and details on the appeal process.

4. If the Subrecipient has not completed corrective action, a timetable for follow-up should be given. Updates on timetable should be tracked in the Subrecipient Monitoring Spreadsheet.
5. The type of management decision letter sent to the Subrecipient should be indicated on the Subrecipient Monitoring Plan & Tracking Spreadsheet.

b. Corrective Action Plan Adequate

1. If the Corrective Action Plan is adequate, GOHSEP must issue a **Letter of Acceptance** within 6 months of issuance of the Single audit report.
2. The type of management decision letter sent to the Subrecipient should be indicated on the Subrecipient Monitoring Plan & Tracking Spreadsheet.

3. Performing Follow-Up

a. Continue to monitor follow up items and update documentation as resolution of findings is reached. Consider adding date into Outlook to receive reminders on when follow-up should be conducted. Follow up procedures will generally involve calls and emails to the Subrecipient to request status of finding.

a. If the Subrecipient states that finding has been resolved then, request documentation to support resolution (e.g. the implementation of a new policy should be documented and available to relevant personnel).

b. The date of all communication (initial, follow-up, and final) should be recorded in the SRM Monitoring Plan & Tracking spreadsheet and reviewed by the **Compliance Supervisor and Section Chief** on a weekly basis.

IV. SITE VISIT REVIEW

[Back to TOC](#)

A. Overview

[Back to TOC](#)

Site Visit monitoring procedures are required for a sample of Subrecipients. A site visit program and other templates have been developed to perform the site visit monitoring activity. Site visits are performed with a consultative approach and require preparation prior to visiting the Subrecipient.

B. Procedure

[Back to TOC](#)

1. Compliance Section Chief Procedures

The Compliance Section Chief will perform the following procedures for each Subrecipient that has been selected for a site visit:

- a. Assign the analysts to the complete the site visits.
- b. Contact the Subrecipient to schedule the site visits
- c. Send email to analyst and supervisors regarding site visit schedule
- d. Update Compliance Section calendar

2. Compliance Analyst Procedures

The **Compliance Analyst** will perform the following procedures for each Subrecipient that has been assigned to them:

- a. Send the Site Visit Announcement Letter to the Subrecipient at least 30 days prior to the scheduled visit. If a response confirming the visit is not received within one week, the Compliance Analyst should follow-up with the Subrecipient via e-mail or telephone to confirm the date and time of site visit review.
- b. E-mail a copy of the Site Visit Announcement Letter to the Disaster Recovery Specialist, State Applicant Liaison, and Regional Coordinator assigned to the Subrecipient to notify those parties of the upcoming site visit.
- c. Schedule a meeting with the Disaster Recovery Specialist, State Applicant Liaison, and Regional Coordinator assigned to the Subrecipient to discuss the upcoming site visit and obtain the background knowledge of the Subrecipient prior to the visit.
- d. Prepare Materials for Site Visit, to include but not limited to:
 - i. Document request list,
 - ii. Obtain and review the scope of relevant PWs/Project Award Letters,
 - iii. Most recent audit report,
 - iv. Quarterly reports/progress reports,
 - v. Transaction reports,
 - vi. Subrecipient Monitoring Plan & Tracking Spreadsheet (filtered by Subrecipient),
 - vii. Site visit program,
 - viii. Meeting agenda,
 - ix. Completed desk review,
 - x. Prior year site visit program and issues identified and remediation plans
- e. Send the Site Visit Agenda and Site Visit Preliminary Document Request List to Subrecipient with the Site Visit Announcement Letter. As part of the communication, provide details on the purpose of the visit,

length of visit, interviews to be held, and roles and responsibilities.

- f. Contact the Subrecipient by telephone or email at least one week prior to the site visit review to confirm the visit and discuss any required documentation that will be needed during the visit and answer any questions the Subrecipient may have at that time regarding the visit. It should be reiterated during this conversation that the site visit is a monitoring review to assist in managing the Subrecipient's compliance rather than an audit.
- g. Upon arrival to Subrecipient Site, hold Entrance Conference. The Compliance Supervisor and/or Compliance Section Chief will be present and conduct the entrance meetings for **select** Subrecipients as requested by management.
- h. Follow the Site Visit Program to perform necessary fieldwork.
- i. Document, in detail, the procedures performed to develop an understanding of each site visit step. The procedures should reflect the recommended procedures, and indicate personnel responsible, sampled items, and any other information that would allow an outside party to perform the testing procedures. The procedures should be detailed enough to provide for another person to perform the procedures and reach the same conclusion. Documentation is only required to be retained if an observation is identified.
- j. For program steps which require a sample to be selected, document a detailed description of the sample taken (i.e., PW/Project number, invoice number, invoice date). A spreadsheet listing the sample selected and the results of testing (exception/no exception) can facilitate the testing process. If an observation is identified through the testing process, documentation should be retained to support the observation.
- k. Assign references to all supporting documents (i.e. testing spreadsheets, documentation to support observations) and prepare an Index for all Supporting documents. All documentation supporting an observation should be scanned and stored electronically in the Subrecipient's file on SharePoint.
- l. Conclude on all tests and complete all fields in the Site Visit Program.
- m. Refer to the third tab of the site visit program and populate the Summary of Observations Template. To populate, copy all observations noted under the procedures of the Site Visit Program.
- n. Hold Exit conference Meeting with the Subrecipient's key management personnel and any other relevant personnel (as appropriate). The Compliance Supervisor and/or Compliance Section Chief will be present and conduct the exit meetings for **select** Subrecipients as requested by management.
- o. Present all observations noted and gather their responses to each observations. When presenting each observation, describe the compliance requirement applicable to the instances of non-compliance.
- p. Finalize Subrecipient Site Visit documentation and submit to Compliance Supervisor for review within 14 days from exit conference.

3. Compliance Supervisor Responsibilities

Upon completion of the site visit and all associated documentation, the Compliance Supervisor should:

- a. Perform a detailed review of the site visit program and all associated documentation.
- b. Hold a meeting with Compliance Analyst who performed Site Visit to address any questions or follow-up items prior to closing out site visit.

- c. The Compliance Analyst should address all items identified by the Compliance Supervisor during the first-level review and re-submit for final approval.
- d. The Compliance Supervisor should perform a final review and submit to the Compliance Section Chief **within 21 days from exit conference with Site Visit Results letter.**

4. Compliance Section Chief Responsibilities

Upon completion of the first-level review of the site visit and all associated documentation, the Compliance Section Chief should:

- a. Perform a review of the Summary of Observations and issue *Site Visit Results Letter* **within 45 days from exit conference.**
- b. The *Site Visit Results Letter* should list a required response due date of **30 days from the date of the letter.**
- c. The Compliance Analyst will schedule a follow up call with Subrecipient if Corrective Action Plans have not been submitted by the due date indicated in the *Site Visit Results Letter*. (Use the Subrecipient Monitoring Plan Spreadsheet to track follow-up actions and dates).
- d. Upon receipt of Corrective Action Plans, the Compliance Analyst will review Subrecipient response. If all findings are addressed, file response as the final document for Site Visit.
- e. If Subrecipient remediation plans require additional follow-up, list all follow-up items and continue to follow-up periodically until a resolution is accomplish.

Note: All attempts for follow-up should be documented and included in the site visit package. In addition, the Subrecipient Monitoring Plan Spreadsheet should be updated until no further follow-up is required.

Compliance Analysts should use the *Subrecipient Monitoring Plan & Tracking Spreadsheet* to track all monitoring activities for their assigned Subrecipients. Follow-up activities should be followed in accordance with compliance deadlines. (E.g. for the desk review procedures, a management decision must be issued six months upon the date the audit report was issued; for site visits, the site visit package should be closed out on the current fiscal year with no open follow-up items.)

V. ONGOING COMMUNICATION

[Back to TOC](#)

A. Overview

[Back to TOC](#)

Current communications through the designated Finance Specialists, State Applicant Liaisons, Regional Coordinators or Disaster Recovery Specialists are considered monitoring mechanisms. However, additional interaction with the Subrecipient will be required in order to comply with Subrecipient Monitoring requirements.

B. Procedure

[Back to TOC](#)

Compliance Analyst should coordinate meetings with Grant Administrators, Disaster Recovery Specialists, State Applicant Liaisons, Regional Coordinators and any GOHSEP personnel that have contact with Subrecipients to communicate major issues with Subrecipients (e.g. excessive follow-up items, concerns, questions) and ensure messages to Subrecipient are consistent through-out GOHSEP.

VI. APPENDIX A

The table below provides an outline of each template used throughout the Subrecipient Monitoring process, to include the risk assessment process, desk review execution, site visit execution, and various communication templates.

A - Risk Assessment Process	
.1 Risk Assessment Modification Walkthrough	 Risk Assessment Modification Walkthro
.2 Risk Assessment Template	 Risk Assessment Template.xlsx
.3 Risk Assessment Data Request List	 Risk Assessment Data Request List.xls
.4 Subrecipient Monitoring Plan & Tracking Spreadsheet	 SRM Monitoring Plan & Tracking Spreadshe
.5 Risk Indicators Workshop Agenda	 Risk Indicators Workshop Agenda.dc
.6 Risk Indicators Workshop Presentation	 Risk Assessment Workshop Deck.pptx
.7 Risk Assessment Training Presentation	 SRM Risk Assessment Training.
B - Desk Review Process	
.1 Single Audit Desk Review Template	 Desk Review Template
.2 Audit Certification Request Letter	 Audit Certification.docx

B - Desk Review Process	
<p>.3 Desk Review Initial Determination Letter <i>Findings Identified & Corrective Action Required</i></p>	 Desk Review Initial Determination Letter.
<p>.4 Desk Review Final Determination Letter <i>Acceptance of Findings Identified & Corrective Action Plan</i></p>	 Desk Review Acceptance of Findings
<p>.5 Desk Review Final Determination Letter <i>No Findings Identified</i></p>	 Desk Review No Findings Letter.docx
<p>.6 Desk Review Final Determination Letter <i>Findings Identified & Corrective Action Required</i></p>	 Desk Review Final Determination Letter

C - Site Visit Review Process	
<p>.1 Site Visit Announcement Letter</p>	 Site Visit Announcement Letter
<p>.2 Site Visit Final Results Letter <i>No Findings Identified</i></p>	 Site Visit Final Results Letter - No Findings
<p>.6 Site Visit Initial Results Letter <i>Findings Identified</i></p>	 Site Visit Initial Results Letter - Findings
<p>.7 Site Visit Final Results Letter <i>Findings Identified – Response Accepted</i></p>	 Site Visit Final Results Letter - Response Accepted
<p>.8 Site Visit Final Results Letter <i>Findings Identified – Response Not Accepted</i></p>	 Site Visit Final Results Letter - Response Not Accepted