



State of Louisiana

Governor's Office of Homeland Security & Emergency Preparedness

Subrecipient Monitoring Program:

**Public Assistance, Hazard Mitigation, Homeland Security Grant
And Other Federal Grant Programs**

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I. SUBRECIPIENT MONITORING PROGRAM

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A. Overview

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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 Homeland Security (HLS) Grant Programs (EMPG, 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 recipients 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 plans 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.
97.067	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.

CFDA Number	Program Name	Program Purpose
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.
97.008	Nonprofit Security Grant Program	To integrate the preparedness activities of nonprofit organizations that are at high risk of a terrorist attack with broader state and local preparedness efforts. To provide funding support for physical security enhancements and other security activities to nonprofit organizations that are at high risk of a terrorist attack.

An organization eligible for and that receives funding directly from GOHSEP is referred to as a **Subrecipient**. As defined by the 2 CFR (Code of Federal Regulations) §200.93 means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

At GOHSEP, funds are passed-through to Subrecipients through the PA, HM, HLS, and other federal 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 that receive emergency response and preparedness equipment and conduct preparedness training, exercises, and planning.

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

B. Purpose & Scope

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The purpose of the Subrecipient Monitoring (SRM) 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, HLS, and other federal grant programs.

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

The monitoring process has three primary objectives:

- To gauge the overall program progress and effectiveness of the Subrecipients, as applicable, in meeting the program objectives, goals and requirements articulated in the federal, state and local guidelines.
- To serve as a management tool to identify issues that may compromise program integrity, funding, and service delivery for corrective action and resolution.

- To serve as a technical assistance tool to identify areas in which to strengthen program capacity and quality of service delivery.

Monitoring is designed to make sure the programs are operating efficiently and effectively and that GOHSEP federal funds are being used appropriately. Monitoring may occasionally identify situations where certain activities or the absence of certain activities raise an issue of concern or violate program or statutory requirements. A finding of deficiency is noted when there is evidence that a statute, regulation or requirement has been violated.

C. Policy

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

D. Methodology

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The GOHSEP SRM strategy includes the use of desk reviews and on-site monitoring by the SRM staff. During the desk reviews, the analyst will monitor the Subrecipient's Single audit report on an annual basis to ensure compliance with federal regulations. On an annual basis the SRM Section Chief (**Section Chief**) and Supervisors (**Supervisors**), in conjunction with the Program Managers and other stakeholders, will identify the entities to be monitored on-site based on the results of the risk assessments and prior issues identified.

E. Monitoring Roles & Responsibilities

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SRM is the responsibility of the GOHSEP/SRM Section. The SRM Section will monitor Subrecipients to ensure compliance with executed agreements, applicable state and federal laws and regulations, and project/program performance criteria.

I. RISK ASSESSMENT

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A. Overview & Purpose

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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 in compliance with federal requirements. Subrecipients ranked as higher risk should yield additional monitoring procedures performed. Monitoring procedures range from desk reviews to extensive site visits.

B. How the Risk Assessment Works

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A risk assessment tool has been developed to determine the risk level for each Subrecipient based on numerous characteristics attributable to each program. The first step evaluates the Subrecipients 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 noncompliance 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 a Subrecipients noncompliance with the rules and regulations of the PA, HM, and HLS 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 HLS 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 the 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 into a numerical overall risk score for each program. The sum of the numerical overall risk scores for each program is indicated, by Subrecipient, to assist in the site visit selection process.

C. Roles & Responsibilities

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

1. **Assistant Deputy Director – Grants & Administration**
 - a. Reviews and approves the risk assessment results

2. Section Chief

- a. Schedules and facilitates workshops with key stakeholders from each grant program to review and determine the appropriate risk indicators and risk indicator weights that should be added, modified or removed.
- b. 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
- c. 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)
- d. 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 manages the data 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)
- e. Normalizes Subrecipient names, as necessary, between program data sources to identify the legal entity name of the Subrecipient
- f. Trends and analyzes the data received to identify the appropriate risk value ranges of the risk assessment for each risk indicator
- g. Populates the risk assessment and presents various scenarios based on different weights assigned to the risk factors and indicators for each grant program.

D. Procedures

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D1. Gather Data

The risk assessment tool should be populated with data annually. The data should be for the period of April 1 to March 31 and is due to the **Section Chief** no later than April 15.

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).

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

Public Assistance	
Data Requirements (by Subrecipient)	Data Source
Total federal funds obligated of open, obligated and paid projects	Public Assistance Section Chief
Total number of projects	
Classification of each Subrecipient (PNP)	
Completed projects with insurance +/- 10%	
Percent of federal funds paid of open, obligated and paid projects	Recovery Grants Administration Section Chief
Total amount approved/requested < 25%	
Total amount of outstanding advances	
Timeliness of submission of Single audit report to GOHSEP	SRM Monitoring Plan & Tracking Spreadsheet
Failure to submit Single audit report to GOHSEP	
Failure to Respond to Initial Determination Letter	
Adverse audit opinion identified during desk review	
Site Visit Monitoring performed for Subrecipient	
Number of significant issues in the Single audit	
Number of Site Visit Findings	
Number of Direct findings in the Single audit report (Direct)	
Identification of fraud	
Issues identified at technical site visits	
Questioned costs as a percentage of total requested amount	LLA (Documents Review) and Public Assistance Section Chief
Subrecipient is subject to the Progressive Applicant Response Team (PART)	Progressive Applicant Response Team (PART)

Hazard Mitigation	
Data Requirements by Subrecipient	Data Source
Total federal funds obligated of open, obligated and paid projects	Hazard Mitigation Section Chief
Total number of projects	
Percentage of project progress	
Number of outstanding quarterly reports	
Percentage of funds paid to Subrecipient	Recovery Grants Administration Section Chief
Advance risk	
Timeliness of submission of Single Audit Report	SRM Monitoring Plan & Tracking Spreadsheet
Failure to submit single audit report to GOHSEP	
Failure to respond to Initial Determination Letter	
Adverse audit opinion identified during desk review	
Site Visit Monitoring performed for Subrecipient	
Number of significant issues in the Single audit	
Number of Site Visit Findings	
Number of Direct findings in the Single audit	
Identification of fraud	
Issues identified at technical site visits	
Questioned costs as a percentage of total requested amount	LLA (Documents Review) and Hazard Mitigation Section Chief

Homeland Security	
Data Requirements by Subrecipient	
Total amount of federal active awards/grants	Homeland Security Supervisor
Total amount of funds paid	
Total number of active awards/grants	
Percentage of quarterly/progress reports outstanding	
Timeliness of award execution	
Timeliness of Advance Support Submission	
Timeliness of submission of Single audit	SRM Monitoring Plan & Tracking Spreadsheet
Failure to submit Single audit	
Failure to respond to Initial Determination Letter	
Adverse audit opinion identified during desk review	
Number of significant issues in the Single audit	
Site Visit Monitoring performed for Subrecipient	
Number of Site Visit findings	
Number of Direct findings in the Single audit	
Identification of fraud	

D2. Population of the Risk Assessment

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 visits.

After receiving the necessary data, the **Section Chief** should input the data into the risk assessment. The following is an outline of the procedures to be performed to populate the annual risk assessment.

- a. Copy data received from the PA, HM, and HLS 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.
- b. 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 to be considered in the risk scores by activating the risk factors.

- c. 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.); whereas, the Failure to Respond to Initial Determination Letter is valued 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.

D3. Sample Methodology

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. on-site monitoring) 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 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 to receive on-site 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 HLS program and/or 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 HLS 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 HLS 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. Master Tracker Spreadsheet

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A SRM Master Tracker spreadsheet has been developed to capture monitoring activities performed by GOHSEP in the effort to comply with federal requirements. The Master Tracker is a single Excel workbook containing a Desk Review (DR) Master worksheet, a Site Visit (SV) Master worksheet, (2) Supervisor worksheets, and (4) Analyst worksheets that all communicate with one another. The worksheets are formatted and contain data field's specific to each user. The workbook itself is shared so that it can be used simultaneously by all users. The DR Master Tracker lists the Subrecipients of the PA, HM, and HLS grant programs and will be used to track the progress of each Subrecipient through the monitoring process of desk reviews beginning with Subrecipients whose fiscal years end in February of 2019 and site visits beginning on July 1, 2019. The DR Master 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 Master Tracker spreadsheets under the appropriate columns.

The **Section Chief** will perform the following procedures after completion of the Risk Assessment:

1. Obtain the Master Tracker Template and input the list of Subrecipients from the *Overall Summary* tab of the risk assessment onto the DR Master tab. The data elements include the following:
 - a. Subrecipient and Grant Information
 - b. Desk Review
 - Audit Certification Form and Audit Report
 - Desk Review
 - Management Letter
 - c. Issues and Comments
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 Master Tracker as appropriate.
4. Based on the Risk Assessment results, place the Subrecipients selected for site visits onto the SV Master tab of the Master Tracker.

Note: A template of the Master Tracker can be found in the Appendix.

F. Coordinate Monitoring Activities

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The **Section Chief** will assign each Analyst a list of Subrecipients from the DR Master Tracker. The **Analyst** will perform the Single audit desk review for the Subrecipients assigned. It is the responsibility of the **Analyst** to complete all monitoring activities within the required timeline.

If an excessive number of Subrecipients exist, which makes the distribution among the Analysts unfeasible in meeting monitoring requirements, the **Supervisors** should absorb a certain number of monitoring procedures for selected Subrecipients to ensure that required timelines are met.

III. DESK REVIEWS

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A. Overview

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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.

B. Audit Requirement

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For fiscal years beginning on or after December 26, 2014: The Single audit is a requirement to procure an audit for Subrecipients expending more than \$750,000 (audit threshold) per year in federal funds, in total of **all** federal grant programs. In addition if at least \$0.01 spent is from GOHSEP grant funds, GOHSEP (as the pass-through agency) is required to obtain the Single audit report of the Subrecipient, conduct a review, and issue a decision on the remediation plans for each finding that impacts the PA, HM, and HLS grant programs. (Title 2 C.F.R. Subpart F (200.500))

Subrecipients that expended less than the applicable audit threshold are exempt from Single audit requirements for that year. However, the Subrecipient must keep records available for review.

If the Subrecipient indicates that they are subject to the Single audit requirement, then the Subrecipient is instructed to submit a copy of their completed Single audit report to GOHSEP **within nine 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 DR Master Tracker 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.

C. Procedures

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C1. Determine Single Audit Requirements

Federal regulation **2CFR Subpart F (44 CFR 13.26(a))** states that grantees and sub-grantees (Subrecipient) are responsible to procure audits in accordance with the §200.514 (Single Audit Act Amendments of 1996 and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations.") Scope of audit except when it elects to have a program-specific audit conducted in accordance to CFR §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 the audit threshold (>\$750,000) in federal funds during a fiscal year. The audit threshold should be considered for any source of federal funding; therefore, Subrecipients should report **all** federal funding sources in aggregate (NOT just the GOHSEP programs). An *Annual Certification Form Letter (Certification Letter)* has been developed for distribution to Subrecipients, with the purpose to confirm whether or not the Subrecipient is subject to the Single audit requirement.

C2. Obtain Audit Certifications & Audit Reports

The *Certification Letter* has been designed to request that the Subrecipient inform GOHSEP of whether or not they are subject to a Single audit by filling out the *Certification Form* attached to the letter. **Analysts** will send this letter to the Subrecipients whose Single audit requirements could not be determined by performing the steps in a. and/or b. below. The letter should be sent annually **six months after the Subrecipient's fiscal year end** to ensure a response is received within **nine months after the Subrecipient fiscal year end**.

The Analyst will perform the following procedures:

- a. Check the LLA website and Federal Audit Clearinghouse for Subrecipients audit report. If not available send the **Certification Letter** to the Subrecipient **six 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 Single audit requirements, then the analyst will send the *Certification Letter* to the Subrecipient **six months after the Subrecipient's fiscal year end**.
- c. 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.gov>

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

- i. Track and monitor responses from the date the letter was sent out for distribution. The **Analyst** will refer to the DR Master Tracker to review the "*Suggested Date to Send Audit Certification*". The **Analyst** will also record the actual date the *Certification Letter* was sent to the Subrecipient in the "*Actual Date Audit Certification Sent*" column. The "*Status of Audit Certification*" must also be updated. The communication must be logged into the *Calendar of Events Template (Calendar)* in the Subrecipient's Desk Review File.
- ii. **Ten days** after confirmations have been distributed to Subrecipients, refer to the DR Master Tracker to identify Subrecipients who have not returned their *Certification Form*. The **Analyst** will follow-up with the Subrecipient via email or telephone requesting a response regarding the status of the *Certification Form*. The communication must be logged into the *Calendar*.
- iii. **Twenty days** after the confirmations have been distributed to Subrecipients, refer to the DR Master Tracker to identify Subrecipients who have not returned *Certification Forms*. The **Analyst** will follow-up with the Subrecipient via email or telephone requesting a response regarding the status of the *Certification Form*. The communication must be logged into the *Calendar*.
- iv. After **30 days** the **Analyst** will 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 must be logged into the *Calendar*. If an extension is granted, the communication must be logged into the *Calendar*. In addition, the **Section Chief** is to be notified via email to revise the 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, LAHM.com and/or HLS payments can be used as support to determine if the recipient is subject to audit requirements.
- e. For Subrecipients that are state agencies, the State of Louisiana’s Single Audit Report and the GOHSEP Grant Expenditures report can be used to determine if the recipient is subject to audit requirements.

Analyst Procedures:

Analysts will receive the *Certification Form* and/or audit report for their assigned Subrecipients and perform the following procedures:

- a. Update the *DR Master Tracker* on a daily basis with the following information:
 - i. Status of Subrecipients response to the *Certification Form*
 - ii. Date Annual Audit Report and/or Single Audit Report Released
 - iii. Date Annual Audit Report and/or Single Audit Report Received by GOHSEP
 - iv. Fiscal Year End Date
 - v. Total Federal Funding
 - vi. Total GOHSEP Funding
- b. Review the DR Master Tracker to determine whether the Subrecipient is subject to Single audit requirements and whether the Annual Audit report and/or Single audit have been received. Based on the information entered above, the DR Master Tracker will automatically determine whether the Subrecipient is subject to a Single Audit.

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

Yes – Obtain Single Audit Report within **nine months of Subrecipient’s Fiscal Year End**.

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.

It is the **Subrecipient’s** responsibility to submit their Single audit report to GOHSEP within **nine months of the entity’s fiscal year end**. Likewise, it is GOHSEP’s responsibility to provide a management decision within **six months after review of the audit report**. Therefore, it is important for GOHSEP to perform extensive actions in order to request and receive the report. The **Analyst** will document all follow-up communication on the DR Master Tracker and in the *Calendar*.

- c. The **Supervisor(s)** and **Section Chief** will review the *DR Master Tracker* on a regular basis to determine the status of each Subrecipient’s desk review.

NOTE: A template of the “*Annual Certification Form Letter*” and the “*Calendar of Events*” can be found in the Appendix.

C3. Procedures

If it is determined that the Subrecipient is not subject to Single audit requirements, the **Analyst** should complete the *Desk Review (DR) 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 **Analyst** as soon as audit reports are received. GOHSEP has **six months from the audit report issue date** to issue a management decision.

The *DR Template* must be used to perform the desk review. The *DR Template* is set up to verify the audit report includes the documentation necessary to perform the review. If findings exist, a *Desk Review (DR) Findings Template* will be completed documenting each finding deemed relevant to the GOHSEP grant programs. If calculations are necessary to arrive at amounts stated on the *DR Template*, a *Desk Review (DR) Calculations Template* must be used to support those amounts.

NOTE: A template of the Desk Review, Desk Review Findings, and the Desk Review Calculations templates can be found in the Appendix.

- a. If the Subrecipient is a **state agency** the following applies:
 - i. If the state agency is included in Louisiana’s Single audit report (LSAR) (met threshold) and the program expenditures are obtained from an audit report for the agency, document the program expenditures in the Desk Review Source Information Section under Total GOHSEP Expenditures.
 - ii. If the state agency is included in LSAR (met threshold) and there are no program expenditures obtained from an audit report for the agency, document the Total Federal Expenditures (from LSAR) in the Desk Review Source Information Section and reference any applicable expenditures noted on the GOHSEP’s expenditure report in the Notes sections of the DR Findings Template.
 - iii. If the state agency is not included in the LSAR and the program expenditures are obtained from the GOHSEP expenditure report, document the amount for GOHSEP expenditures in the Notes section of the DR Template.
- b. 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:
 - (1) **Audit scope:** Normally defined in the initial portion of the audit report and in the engagement letter (if provided).
 - (2) **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.)

- (3) **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.
- c. Document the determination on whether current year findings are relevant to the GOHSEP grant programs on the *DR Findings Template* (all current findings should be documented).
 - d. Prior year findings not resolved should also be reviewed.
 - 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 on the *DR Findings Template*.
 - e. Review Corrective Action Plans (Only applicable to findings relevant to the GOHSEP grant programs)
 - f. 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").
 - i. Review remediation plans and assess if Corrective Action Plan provided by the Subrecipient will correct the root cause of the issue.
 - ii. Consider comparing audit recommendation and corrective action plans provided by the Subrecipient and assess reasons for deviation.
 - iii. Questioned costs should be researched and evaluated in a case by case basis and recorded on the DR Master Tracker and DR Findings Template.
 - iv. 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.
 - v. 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.
 - g. Prior year unresolved findings - The *DR Findings Template* of prior unresolved 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 *DR Findings Template* should also include audit findings reported in the prior year's audit findings still unresolved in the current year, are no longer valid, or not intending further action in accordance with the following criteria:
 - i. When audit findings are fully corrected, the DR Findings Template will list the audit findings and state that corrective action was taken.
 - ii. When audit findings are not corrected or were only partially corrected, the DR Findings Template will describe the planned corrective action as well as any partial corrective action taken.
 - iii. 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 DR Findings Template will provide an explanation.

- iv. 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 *DR Findings Template* (and incorporated in the *Desk Review Notes* section of the *DR Template*). A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:
 - (1) Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse;
 - (2) The Federal agency or pass-through entity is not currently following up with the Subrecipient on the audit finding; and
 - (3) A management decision was not issued.

C4. Issue Determination Letters

The DR Master Tracker must indicate the type of management letter issued.

a. Corrective Action Plan Not Adequate or Partially Adequate

- i. **Initial Determination Letter** – used if the Subrecipient’s corrective action plan is inadequate. GOHSEP must issue an *Initial Determination Letter* **within six months of issuance of the Single audit report**.
- ii. **Partial Acceptance Letter** – used if the Subrecipient’s corrective action plan is partially adequate. GOHSEP must issue a *Partial Acceptance Letter* **within six month of issuance of the Single audit report**.
 - (1) During informal resolution, the Subrecipient may provide documentation to support that costs are allowed and propose corrective action of administrative findings. Informal resolution discussions may be held by telephone, if necessary, but in person is preferable. All communication must be documented in the *Calendar*.
 - (2) Negotiations of repayments can be initiated at this time. Informal resolution should be documented. All communication must be documented in the *Calendar*.
 - (3) 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. All communication must be documented in the *Calendar*.
 - 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.
 - If the Subrecipient has not completed corrective action, a timetable for follow-up should be given. Updates on timetable will be tracked in the *DR Master Tracker*.
 - (4) If an *Initial Determination Letter* or a *Partial Acceptance letter* is sent then a **Final Determination**

Letter will be required after the Subrecipient's response is reviewed.

b. **Corrective Action Plan Adequate**

Letter of Acceptance – If the Corrective Action Plan is adequate, GOHSEP must issue a *Letter of Acceptance (Desk Review Final Acceptance Letter)* **within 6 months of issuance of the Single audit report.**

c. **No Findings**

No Findings Letter – If the Subrecipient has no findings in the Single audit, GOHSEP must issue a *No Findings Letter (Desk Review Final No Finding Letter)* **within 6 months of issuance of the Single audit report.**

d. **State Agency**

i. Management decision letters will be issued to state agencies that meet **all** the following criteria:

- (1) The state agency is included in the Louisiana State Single Audit Report; **and**
- (2) Program expenditures are obtained from an audit of the state agency or identified in the LSAR; **and**
- (3) The state agency has findings in the audit report of the state agency or the LSAR that impact GOHSEP's programs either **directly** or **indirectly**.

ii. State agencies will not be issued management decision letter in the event of no findings.

NOTE: Letters/forms necessary in the performance of a Desk Review can be found in the Appendix.

C5. Follow-Up

Continue to monitor follow-up items and update documentation as resolution of findings is reached. Consider adding a 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(s).

Remember: All correspondence must be logged into the *Calendar*.

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

The date of all communication (initial, follow-up, and final) will be input into the *DR Master Tracker, Calendar*, and reviewed by the **Supervisor** and **Section Chief** regularly.

D. Work Papers

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D1. General

The **Analyst(s)** will perform and Supervisor(s) and the Section Chief will review the procedures the procedures for the performance of Desk Reviews to document the results of review, supervision of employees, and work product at all levels of SRM.

D2. Procedures

a. Bookmark Format:

Bookmarks will follow the format as below:

- Section Number = Numbers 1 through 6 as directed in Section D4.
- 1st Sub-Section = Capital Letters “A” as directed in Section D4.
- 2nd Sub-Section = Numbers “1” through numbers necessary.
- 3rd Sub-Section = Small Letters “a” through letters necessary.
- 4th Sub-Section = Numbers “1” through numbers necessary.

Example: 6C2a1 – The pattern of the 4th and 5th Sub-Sections should be repeated if additional Sub-Sections are needed.

b. References:

References will be noted in the *DR Template* as follows:

- If a reference is needed and a reference column is provided, the reference must be placed in the provided space.
- Reference Format: Place the page number in the reference column provided.
- If a calculation is necessary to arrive at an amount the calculation will be shown on the *DR Calculation Template* and each amount in the calculation will be referenced to its source.

D3. Create, Approve, and Bookmark the Desk Review

The Subrecipient’s *Desk Review (DR) File* is a single pdf file bookmarked in accordance with these procedures. The first document necessary in the performance of the desk review will initiate the *DR File* using Adobe Pro; subsequent pages will be added or subtracted to the *DR file* and each document **must** be bookmarked.

a. Create the DR File:

- i. **Start a file:** begin with first necessary document for the desk review (Calendar, E-mail, Audit Certification Form, etc.)
 - Save the document in **SharePoint** using the appropriate legal entity name as follows:
City of Bossier – 2019 DR File
- ii. **Add Pages to file:** open the file placed in SharePoint, click on “*Organize Pages*” in Tools.
 - Select: “Insert” then “from file” and select the location of the new document that needs to be added.
 - Select: location as “after the last page”. Click “OK” and the document will appear in miniature on the screen.
 - Double Click: any document to enlarge it or click on the drop down next to Organize Pages and click on any tool selection in the upper left hand corner of the screen.
- iii. **Delete Pages from file:** open the file placed in SharePoint, click on “*Organize Pages*” in Tools.
 - Select: “Extract” and click on the document to be extracted.
 - Select: one of the two check boxes either “Delete Pages After Extracting” or “Extract Pages as a Separate File”.
 - Press: the EXTRACT button. The document will be removed from the file.

Note: If the DR Template is referenced then pages are deleted, the page numbers are no longer correct.

b. Bookmark the DR File:

Search: “Tools” on a PDF document begin to type in “bookmark” then click on “insert a bookmark”. The insert bookmark window will appear with the first bookmark labeled as “Untitled”.

- i. **Rename:** bookmark by right clicking on it, select rename.
- ii. **Relocate:** bookmark by clicking and dragging it to the desired location.
- iii. **Add:** bookmarks by clicking on the bookmark+ icon at the top of the bookmark window.
- iv. **Designate:** bookmark to a specific document by clicking on the document, then right click on the desired bookmark, and select “set designation”.

c. **Conduct the Desk Review:**

Conduct the Desk Review in accordance with procedures outlined in SMR Procedure Manual Section III Desk Reviews.

d. **Approving the DR File:**

- i. **Analyst:** Sign and date the Desk Review template.
- ii. **Analyst:** Change the status of the Desk Review file in SharePoint from “Still Waiting on Documents” to “**Uploaded**” to approve the file and send an email notification to the Supervisor.

D4. File Organization

The file from the performance of Desk Reviews will be organized as indicated. Sections 1-6 necessary in the performance of the Desk Review will be bookmarked into the *DR File* and designated to the first page of the first document in that section. A document is only added to the *DR File* once. File organization may vary slightly but must be organized and clearly bookmarked.

- 1 - Correspondence
- 2 – Calendar
- 3 - Letters
- 4 - Audit Reports
- 5 - Work Papers
- 6 – Support

1. **Correspondence:** All formal correspondence to or from the Subrecipient in the performance of the Desk Review will be added to the Correspondence Section and bookmarked using the appropriate acronyms. Documents will be added to the Correspondence Section using sub-section letters beginning with “1A” as **the first correspondence necessary** in the performance of the Desk Review, for example:

- 1 - Correspondence
 - 1A - Email to send ACF
 - 1A1 – Response to ACF, if applicable

Note: Matching - the response to a correspondence is a sub-section of the original correspondence.

2. **Calendar:** All correspondence with the Subrecipient or actions to the *DR File* **must** be documented in the *Calendar Template (Calendar)*. This serves as a journal of the project history for current review purposes and future reviews by outside agencies.

- 2 - Calendar

Note: Supervisor(s) and the **Section Chief** must also enter correspondence or actions into the *Calendar*, if applicable.

3. **Letters:** All letters generated in the performance of the Desk Review or received by a Subrecipient in response to the Desk Review results will be added to the letters section. Letters will be added to the

letters section using sub-section letters beginning with “3A” as the **first letter necessary** in the performance of the Desk Review, for example:

3 - Letters

- 3A – ACF (Audit Certification Form): Original
- 3A1 – Response to ACF

Note: Letters will use the term “Subrecipient” to describe our clients and the usage will be consistent.

4. **Audit Reports:** All audit reports or evidence of expenditures utilized in the performance of the Desk Review will be added to the Audit Reports sections and bookmarked using the appropriate acronym. Documents will be added to the Audit Reports section using sub-Section letters beginning with “4A” as the **first document necessary** in the performance of the Desk Review, for example:

4 - Audit Reports

- 4A – AFR, if applicable
- 4B – SAR
- 4B – State SAR, if applicable
- 4C – GOHSEP Expenditures, if applicable

5. **Work Papers:** The primary Desk Review work paper is the *Desk Review Template (DR Template)*. The *DR Template*, *DR Findings Template*, and *Calculations Template* will be added to the work papers Section using sub-section letters beginning with “5A” as the **first document necessary** in the performance of the Desk Review, for example:

5 - Work Papers

- 5A – DR Template
- 5B – Findings Log (if applicable)
- 5C – Calculations (if applicable)
- 5C1 – Calculations (more than one may be necessary)

Note: The *DR Template* will always be “5A” in this section. WPs will use the term “Subrecipient” or SR to describe our clients and the usage will be consistent.

6. **Support:** Support may or may not be necessary in the performance of the Desk Review. If needed, the support **must** be labeled as the source from which it derived, followed by the document name, unless the source is noted on the document itself. Documents will be added to the Support Section using sub-section letters beginning with “6A” as the **first document necessary** in the performance of the Desk Review, for example:

6 - Support

- 6A – Payment Tab

Note: The payment tabs from either lapa or lahm when printed to a pdf contain the source of the document; therefore, the source is not necessary before the document name.

D5. Master Tracker

- a. **Analysts:** Complete the *DR File*, input data into applicable columns on the **Analyst** tab of the *DR Master Tracker*.
- b. **Supervisor(s):** Review the *DR File* in its entirety, input data into applicable columns on the **Supervisor** tab

of the *DR Master Tracker* and verify columns of data input by the Analyst.

- c. **Section Chief:** Review the *DR File* in its entirety, complete applicable columns on the **DR Master tab** of the *DR Master Tracker* and verify columns of data input by the Analyst and Supervisor.

D6. Review

The review represents a thorough examination of the *DR File* and assurance that the data on the *DR and associated Templates* and in the *DR Master Tracker* are accurate, complete, supported, approved, and properly referenced in accordance to procedures.

- a. **Supervisor(s):**
 - i. The **Supervisor** will type their name and date at the bottom of the Desk Review Template in the space allotted to certify that the review is completed in accordance to procedures and the *DR Master Tracker* has been completed for that Subrecipient.
 - ii. The **Supervisor** will approve the *DR File* in SharePoint to notify the Section Chief the *DR File* is ready for review.
- b. **Section Chief:**
 - i. The **Section Chief** will type their name and date at the bottom of the *DR Template* in the space allotted to certify that the review is completed in accordance to procedures and the *DR Master Tracker* has been completed for that Subrecipient.
 - ii. The Section Chief will approve the *DR File* in SharePoint.

D7. Letters

Analysts, Supervisor(s), and the **Section Chief** will perform the following procedures to letters generated in the performance the Desk Review:

- a. **Analysts**
 - i. **Add:** letters generated in the performance of the Desk Review to the *DR File* as a PDF and bookmark in accordance procedures.
 - ii. **Add:** comments to the Calendar in the *DR File* concerning the processing of the letter.
 - iii. **Email:** No findings letters (signed) and all final determination letters returned by the **Section Chief**, as soon as possible.
 - iv. **Receive:** response to initial determination or partial acceptance letter.
 - v. **Create:** final determination letter.
 - vi. **Email:** final determination letter and response to Supervisor.
- b. **Supervisor(s)**
 - i. **Ensure:** letters generated by the Analyst accurate and complete.
 - ii. **Review:** letters thoroughly for missing information and/or any grammatical or punctuation errors. Correct any issues noted by performing the edit PDF function on the letter.
 - iii. **Evaluate:** Analyst final determination to initial determination or partial acceptance letters.
 - iv. **Add:** Response to the *DR File* and bookmark.
 - v. **Add:** Final determination letter in PDF format to the *DR File* and bookmark accordingly.
 - vi. **Email:** Notify Section Chief final letter is complete.
- c. **Section Chief**
 - i. **Review:** letters in the *DR File*.
 - ii. **Sign:** letters.

- iii. **Print or Email:** print signed initial or partial determination letter and mail to the Subrecipient. Email no findings, acceptance, and all final letters to the Analyst (cc the Supervisor) to email to the Subrecipient.
- iv. **Save:** PDF of the signed letter to Projects/Subrecipient monitoring/FY/letters/ by the month/by result type. This procedure is to track reviews to generate the monthly email to GOHSEP management.
- v. **Save:** PDF of the signed letter to SharePoint in Collaborative Sites under Shared Documents, Subrecipient Monitoring Desk Review Letters, choose the file for the applicable Subrecipient, make a new folder if applicable, and upload the letter.

D7. Glossary of Terms

- Annual Certification Form = ACF
- Annual Financial Report = AFR
- Single Audit Report = SAR
- Work Papers = WP
- No Findings = NF
- Multi Year = MY
- Partial Acceptance of Findings = PAF

IV. ON-SITE MONITORING

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A. Overview

On-site (Site Visit) monitoring procedures are required for a sample of Subrecipients. Templates and forms have been developed to perform the on-site monitoring activity. The site visits are performed with a consultative approach and require preparation prior to visiting a Subrecipient. The procedures herein will be followed for on-site monitoring.

B. Purpose & Scope

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GOHSEP provides on-site monitoring to ascertain if internal control over financial management and accounting systems are adequate to account for program funds and to determine if the Subrecipient is in compliance with the requirements of state and/or federal programs, applicable laws and regulations.

The SRM section monitors the following areas which include but are not limited to:

A	General Control Environment	To assess whether the Subrecipient has a defined organizational structure and assignment of authority and responsibility to promote a sound control environment within the organization.
B	Expenditures	To assess the Subrecipient's expenditure approval process and determine if approvals are performed by individuals with the knowledge and background of program and federal requirements.
C	Accounting	To assess the Subrecipient's accounting system and understand how transactions are processed and how the organization maintains a budget for each project/grant.
D	Reporting and Project Progress	To review the overall progress of the Subrecipient's projects/programs and to assess the accuracy of the project status as indicated in the reports.
E	Equipment & Inventory	To determine if controls are in place to protect assets acquired with federal funds.
F	Force Account Labor & Administration Costs	To assess how employee time for force account and direct administrative costs are charged to the project(s) is accounted for and segregated from non-project related activities and responsibilities.
G	Procurement / Contracts	To provide reasonable assurance that procurement/contracts of goods and services are made in compliance with federal, state, and local procurement requirements.
H	Sub-grantee Monitoring	To determine if the Subrecipient passed project/program funds through to other organizations (sub grantees) and to assess the approach and methodology used to monitor those sub grantees for compliance with federal program requirements.
I	Records Retention	To determine if the Subrecipient's maintains financial records, supporting documents, statistical records, and all other records pertinent to the applicable program is in accordance with federal requirements.
J	Insurance	To determine the status of all current insurance proceeds and assess whether the insurance proceeds overlap with project activities funded by GOHSEP.
K	Duplication of Benefits	To determine if the Subrecipient has duplicated benefits and assess whether the benefits received overlap with project activities funded by GOHSEP.
L	DUNS Registration	To determine if the Subrecipient has an active Data Universal Numbering System (DUNS) number and the number is registered with the Federal System for Award Management (sams.gov) in compliance with federal requirements.

B1. Mock Site Visit:

Mock site visits can be requested by Management, Regional Coordinators, State Applicant Liaison or the Subrecipient. The mock site visits are used to assist the recipients in maintaining compliance prior to becoming a

high risk Subrecipient to GOHSEP. The SRM Section is contacted by the requester of the mock visit. The **Section Chief** coordinates the visit with the requester and assigns an Analyst/Supervisor to conduct the visit. During the visit the SRM team will discuss the 12 areas of review and the requirements to maintain compliance and address any questions the Subrecipients may have.

B2. Regularly Scheduled Site Visit:

Subrecipients (approximately 40) are selected for a site visit based on the results of the risk assessment. Site Visits are conducted at the Subrecipient's location where their project/program files are maintained. Site Visits are an effective way to validate desk review results, identify and/or research discrepancies, and more closely monitor program/grants. Subrecipients can expect to be monitored programmatically and fiscally at least once every two to three years (some Subrecipients will be monitored annually).

B3. Follow-up Site Visit

A follow-up site visit may be conducted on a Subrecipient, who in the previous one to three years, had a Regularly Scheduled Visit in which seven or more recommendations were noted. The follow-up site visit will be scheduled by the **Section Chief** who will assign a **Supervisor** to conduct the visit. The visit will focus on the recommendations and the Subrecipient's corrective action plans in the Final Results Letter from the regularly scheduled visit. The **Supervisor** will ensure that the corrective actions are implemented through a review of their policies, procedures, process, and supporting documentation.

C. Procedures

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C1. Schedule the Regular Site Visit

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

- a. **Assign:** Analysts to the conduct the site visit.
- b. **Contact:** Subrecipients (by phone) to schedule the site visit, explain the purpose of the visit, and the Subrecipients compliance requirements.
- c. **Email:** Subrecipients as a follow-up to the conversation. Request a response from the Subrecipients as confirmation of the scheduled site visit. Include the Analyst, Supervisor, State Applicant Liaison Section Chief, and the Regional Coordinator in the correspondence.
- d. **Update:** *Calendar* with all correspondence.

C2. Prepare for the Site Visit

The **Analyst** will perform the following procedures for each site visit assigned:

- a. **Email:** Preliminary background questions to the Disaster Recovery Specialist, State Applicant Liaison, Grants Manager and Regional Coordinator assigned to the Subrecipient.
- b. **Research:** LAPA, LAHM and Grants Management system for status of projects/grants selected.
- c. **Prepare:** Site Visit support, 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. Master Tracker (filtered by Subrecipient),
 - vii. Site visit templates/forms,
 - viii. Meeting agenda,
 - ix. Completed desk review, and

- x. Prior year site visits, issues identified and corrective action plans.
- d. **Prepare:** *Site Visit Announcement Letter*.
- e. **Email:** The **Supervisor** of the completion of the *Site Visit Announcement Letter*. The **Supervisor** will review the letter and notify the **Section Chief**. The **Section Chief** will sign and mail the letter at least **30 days prior to the site visit**.
- f. **E-mail:** The *Site Visit Announcement Letter* to the Disaster Recovery Specialist, State Applicant Liaison, and Regional Coordinator assigned to the Subrecipient to notify them of the upcoming site visit.
- g. **Contact:** The Subrecipient (by phone or email) at least **one week prior to the site visit** to confirm the site visit time and location, discuss any required documentation that will be needed during the site visit, and answer any questions the Subrecipient may have regarding the site visit. It should be reiterated during this conversation that the site visit is to monitor and assist the Subrecipient with compliance rather than an audit. The Subrecipient may be requested to send some documents prior to the site visit. **It is GOHSEP's expectation that all agencies scheduled for a monitoring visit will be prepared and have requested information available.**
- h. **Update:** The *Calendar* with all correspondence.

C3. Entrance Interview

A site visit will start with an entrance interview involving the Analysts and pertinent personnel that the Subrecipient deems necessary. The **Lead Analyst** will explain the purpose of the monitoring visit and the areas to be monitored. A **Supervisor** and/or **Section Chief** will be present and conduct the entrance meetings for **select** Subrecipients, if necessary or as requested by management.

C4. Conduct the Site Visit

- a. **Complete:** Work paper (WP) procedures as directed. The site visit WPs (MS Word templates) are the primary tool used to monitor Subrecipients requirements. The WPs are revised whenever necessary to reflect changes made in program guidelines and regulations.
Document: In detail the determinations made based on the procedures performed to develop an understanding of each site visit procedure on the WPs. The procedures should indicate personnel responsible, sampled documentation, 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 retained to support the determinations made.
- b. **Complete:** Sample spreadsheets contained within the WP's as directed.
- c. **Gather:** Documentation to support determinations.
- d. **Save:** Supporting documentation and store as directed in section C6. *Finalizing the Site Visit*.

C5. Exit Conference

At the conclusion of the site visit, an exit conference is held with the Subrecipient and other personnel the Subrecipient deems appropriate. The purpose of the exit conference is to summarize the results of the visit based on the **Analysts** review.

During the exit conference the **Analyst(s)** will present all determinations and recommendations to the Subrecipient. The **Analyst** will present each determination and describe the compliance requirement applicable to the instance(s) of non-compliance.

Determinations:

- **Recommendation:** an action or lack of action(s) in direct violation of a statutory requirement, regulation, or policy. Deficiencies normally require the Subrecipient take corrective action as outlined in the *Initial Results* letter from GOHSEP.

- **Best Practice:** a non-statutory issue that involves program management. A best practice may be provided to address the identified determination. The Subrecipient is not required to take any corrective action, but it is encouraged to give consideration to the best practice.

The Subrecipient is encouraged to participate in the exit conference though discussion and to provide additional documentation which may resolve and correct any issues. The **Supervisor** and/or **Section Chief** will be present and conduct the exit meetings for **select** Subrecipients, if necessary or as requested by management.

Results of a Site Visit:

- **No Deficiencies:** SRM does not identify any area(s), either programmatic or fiscal, that does not comply with specific criteria found in state or federal statutes, rules and/or regulations, GOHSEP Subrecipients grant contract(s), state departmental policy for the Subrecipient program, or good business practice. If the site visit results in *No Recommendations* or only *best practices*, a *Final Results Letter* will be issued and no further action from the Subrecipient is required.
- **Recommendations Identified:** SRM identifies an area(s), either programmatic or fiscal, that does not comply with specific criteria found in state or federal statutes, rules and/or regulations, GOHSEP Subrecipient grant contract, state departmental policy for Subrecipient programs, or good business practice. If the site visit identifies *Recommendations* of noncompliance and best practices, an *Initial Results Letter* will be issued. The *Initial Results Letter* will result in the Subrecipient's responsibility to provide a *Corrective Action Plan*. See C7 below.

C6. Finalize the Site Visit

Analysts

- Complete:** WPs sections A-L to record the results of the site visit.
- Name:** The WPs and supporting documentation as follows:
 - WPs:** Section A must be named "A - Control Environment". WPs B-L will follow this format. An abbreviated version of the WP section name may be used.
 - Supporting Documentation:** If applicable, must be saved as a PDF documents and named according to the WP section they support. For example, a document to support section A-1 of the WP will be named: A1 - Document Name. There may be several documents to support A1; therefore, they must have distinct names. Supporting documentation for WPs A2 through A4 will follow this format, as well as, documentation to support WPs B-L.
 - Other Documents:** Obtained as a result of the site visit, not in support of WP sections A-L, such as, the project worksheet(s), meeting sign-in sheets, and other documents received from the Subrecipient must be saved as PDF documents and named to provide a clear description of the document. Supporting documentation will include a Calendar of Events (*Calendar*). All correspondence with the Subrecipient or work on the site visit will be documented.
- Transfer:** WPs and supporting documentation to the files provided to the P:drive. The P:drive files are named WPs, Support and Letters.
- Document:** Review completion date on the SV Master tab of the Master Tracker.
- Email: Supervisor *within 14 days from the date of the exit conference*** that WPs and supporting documentation is ready for review.
- Document:** In the *Calendar* the completion of the site visit and notification of the Supervisor.

Supervisor

- Review:** The WPs and supporting documentation for completeness and accuracy. If issues are noted, the **Supervisor** will hold a meeting with the **Analyst** who prepared the applicable work paper to address those issues.
- Email: The Section Chief *within 21 days from the exit conference*** that the work papers are completed and ready for review.
- Document:** Review completion date on the SV Master tab of the Master Tracker.
- Review:** The *Site Visit Results Letter*, after preparation by the **Section Chief** and before the letter is mailed.

- e. **Document:** In the *Calendar* the completion of the site visit review and notification of the Section Chief.

Section Chief

- a. **Review:** The WPs and supporting documentation.
- b. **Create:** The appropriate *Site Visit Results Letter* **within 45 days from exit conference.**
- c. **Email:** The Supervisor that the *Results Letter* is ready for review.
- d. **Document:** Review completion date on the SV Master tab of the Master Tracker and complete all applicable data fields.
- e. **Mail:** The *Site Visit Results Letter*.
- f. **Document:** The creation/ mailing of the letter and notification of the Supervisor in the *Calendar*.
- g. **Save:** The WP in the Subrecipient's WP folder as PDF documents.
- h. **Combine:** The WP PDF documents for WP sections A-L into a single PDF named WP.

C7. Corrective Action

The corrective action or *Response* is a required plan from the Subrecipient to resolve the recommendations of noncompliance with program policies, regulations, or process weaknesses identified in the *Initial Results Letter*. The *Response* must be submitted to the **Supervisor within 30 days of the date on the Initial Results Letter**, unless an extension is requested and approved prior to the due date. The *Response* must include, if applicable:

- **Plan:** How the Subrecipient will correct each individual recommendation to prevent this or similar determination in the future or justification for the Subrecipient's disagreement with the recommendation(s). The *Response* must be presented on the Subrecipient's agency letterhead.
- **Attachments:** Documents, forms, policy changes, reports, accounting tools, time sheets, data collection forms, etc. that supports the correction of the determination(s). The supporting documentation provided by the Subrecipient will be attached to the *Response* as one PDF document and bookmarked by the **Analyst** in accordance with the format in the *Initial Result Letter*.
- **Responsible Party:** The *Response* must include the party responsible for the implementation of the corrective action(s).
- **Alternate Plan:** If the Subrecipient proposes an alternate solution to a recommendation(s), a detailed alternate plan and supporting documentation must be submitted.
- **Refute Support:** If the Subrecipient disagrees with a determination(s), supporting documentation must be submitted to refute the questioned determination(s).

C8. Regular Site Visit Follow-up

Lead Analyst:

- a. **Schedule:** A follow-up call and/or email with the Subrecipient if the *Response* has not been submitted by the due date indicated in the *Initial Results Letter*.
- b. **Review:** The *Response*; determine and inform the **Supervisor** if the *Response* will reasonably address the recommendations in the *Initial Results Letter*.
- c. **Bookmark:** The *Response* and supporting documentation in accordance to the *Initial Result Letter*, if applicable.
- d. **Document:** The review and notifications in the *Calendar*.

Supervisor:

- a. **Receive:** The *Response* and upload to the P:drive Letters folder, name *Response*.
- b. **Email:** The **Analyst** that the *Response* is ready for review and bookmarking.
- c. **Review:** The *Response* and the Analyst determinations of the Corrective Actions ability to reasonably address the recommendations in the *Initial Results Letter*.
- d. **Email:** The **Section Chief** the results of the *Response* review.
- e. **Document:** The receipt, results of the review and correspondence related to the *Response* in the *Calendar*.

Section Chief:

- a. **Review:** The Corrective Action Plan and the Analyst/Supervisors determinations of the Corrective Actions ability to reasonably address the recommendations in the *Initial Results Letter*.
- b. **Create:** The Final Results Letter.
- c. **Email:** The **Supervisor** that the *Final Results Letter* is ready for review.
- d. **Mail:** The *Final Results Letter*.
- e. **Document:** The creation/ mailing of the *Final Results Letter* and notification of the Supervisor in the Calendar.
- f. **Combine:** The documents in the *Support* folder into a single PDF named Support once step C7 below is completed.
- g. **Combine:** The PDF letters in the *Letters* folder into a single PDF named Letters.
Combine: The WPs, Letters, and Support PDFs into a single Site Visit (SV) file and name using the following format: Subrecipient Entity Name – (4 digit GOHSEP FYE) SV File: **Example:** City of Bossier – 2019 SV File
- h. **Upload:** The SV File to SharePoint; change the Analyst status to “Uploaded”; the Supervisor status to “Approved” and the Manager Status to “Approved”.

C9. Follow-up Site Visit

The process and procedures for a *Follow-up Site Visit* are the same as those for a *Regular Site Visit* with the following exceptions:

- The *Site Visit Follow-up Announcement Letter* will include a copy of the *Final Determination Letter* from the previous site visit.
- The WPs are the *Final Determination Letter* from the previous visit.
- Supporting documentation will be named in accordance to the format in the *Final Determination Letter*.
- Analysts are not part of the Follow-up Site Visit process/procedures; **Supervisor(s)** are responsible for applicable Analyst procedures.

C10. Technical Assistance

The objective of technical assistance is to aid the monitored entity in their day-to-day compliance with federal, state and program requirements as they administer their individual programs. The nature and extent of technical assistance should be determined at the discretion of the **Section Chief**. Some examples of technical assistance may include:

- Verbal or written advice;
- Face to face meetings;
- Formal training; and/or,
- Sample documentation and guidance.

V. APPENDIX

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The table below provides an outline of each template used throughout the SRM process, to include the risk assessment process, desk review execution, on-site monitoring execution, and various communication templates.

A - Risk Assessment Process	
.1 Risk Assessment Modification Walkthrough	 RA Modification Walkthrough.docx
.2 Risk Assessment Template	 Risk Assessment Template.xlsm
.3 Risk Assessment Data Request List	 RA Data Request List.xlsx
.4 Master Tracker	 Master Tracker Template.xlsm
.5 Risk Indicators Workshop Agenda	 Risk Indicators Workshop Agenda.doc
.6 Risk Indicators Workshop Presentation	 Risk Indicators Workshop.pptx
.7 Risk Assessment Training Presentation	 RA Training Presentation.pptx

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B - Desk Review Process	
.1 Desk Review Template	 DR Template - SOP .1.pdf
.2 Desk Review Findings Template	 DR Findings Template - SOP .2.pdf
.3 Desk Review Calculations Template	 DR Calculations Template - SOP .3.pdf
.4 Desk Review Calendar Template	 DR Calendar Template - SOP .4.pdf
.5 Audit Certification Form Letter	 ACF FYE 2020 Letter - SOP .5.pdf
.6 Desk Review Initial Determination Form <i>Findings Identified & Corrective Action Required</i>	 DR Initial Form - SOP .6.docx
.7 Desk Review Final Acceptance Form <i>Acceptance of Findings Identified & Corrective Action Plan</i>	 DR Final Acceptance Form- SOP .7.docx
.8 Desk Review Final No Findings Form <i>No Findings Identified</i>	 DR Final NF Letter - SOP .8.docx
.9 Desk Review Final Form Determination Letter <i>Findings Identified & Corrective Action Required</i>	 DR Final Letter - SOP .9.docx
.10 Desk Review Partial Acceptance Form	 DR PAF Form - SOP .10.docx

C - Site Visit Review Process	
.1 Site Visit Announcement Letter	 Site Visit - Announcement - SOP
.2 Site Visit Final Results Letter <i>No Recommendations Identified</i>	 Site Visit - Final No Recommendations SC
.3 Site Visit Initial Results Letter <i>Recommendations Identified</i>	 Site Visit - Initial Determinations Identif
.4 Site Visit Final Results Letter <i>Recommendations Identified – Response Accepted</i>	 Site Visit - Final Response Accepted S
.5 Site Visit Final Results Letter <i>Recommendations Identified – Response Not Accepted</i>	 Site Visit - Final Response Not Accept
.6 Follow-up Site Visit Announcement Letter	 Follow-up - Announcement SOP .6
.7 Follow-up Site Visit Initial Letter <i>Corrective Action(s) Not Implemented</i>	 Follow-up - Initial SOP .7.docx
.8 Follow-up Site Visit Final Letter <i>Corrective Action(s) Response Accepted</i>	 Follow-up - Final SOP .8.docx