



# **MONITORING FOR EFFECTIVE OVERSIGHT AND USE OF FEDERAL FUNDS**

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# OBJECTIVE OF TODAY'S BRIEFING

- What/Why/How of Monitoring
- Regulations
- Who is Involved and Roles
- Approaches and Techniques

# WHAT IS MONITORING?

- Monitoring is **a mechanism for overseeing the stewardship of federal funds** by verifying that funds are spent as mandated by legislation, post-award requirements, and regulations.
- Monitoring allows evaluation of whether programs offered are of high quality and meet the needs of those served by the federal funds received.
- **Monitoring focuses on assessing “Performance” and “Outcomes.”**



# WHAT IS MONITORING?

## 2 CFR 200 SUBPART D - POST FEDERAL AWARD REQUIREMENTS

- **2 CFR 200.301 Performance measurement.**

- (a) The Federal awarding agency must measure the recipient's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices.

- **2 CFR 200.303 Internal controls.**

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “**Standards for Internal Control in the Federal Government**” issued by the Comptroller General of the United States or the “**Internal Control Integrated Framework**”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- **2 CFR 200.329 Monitoring and reporting program performance.**

- (a) **Monitoring by the non-Federal entity.** The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also [§ 200.332](#).



# WHAT IS MONITORING?

## PRIMARY RECIPIENTS VERSUS SUB-RECIPIENTS

- The non-Federal entity may concurrently receive Federal awards as **a recipient, a subrecipient, and a contractor**, depending on the substance of its agreements with Federal awarding agencies and pass-through entities.
- Requirements in Code of Federal Regulations:  
***2 CFR 200.331 Subrecipient and contractor determinations.***
- Monitoring of grantees, sub-grantees, and even contractors is similar.



# MONITORING CONSIDERATIONS

- **Type** of monitoring review – Desk monitoring, on-site, virtual, or a combination of types.
- **Scope** of monitoring review – Comprehensive or a targeted review that addresses specific areas of concern.
- **Frequency** of monitoring review – How often grantees should be monitored?
- **Resources** to be leveraged – Most experienced and knowledgeable office staff; collaboration with other programs is appropriate.

# TYPES OF MONITORING

## On-Site Monitoring

- Preferred approach.
- The reviewing office conducts a targeted or comprehensive examination of the grant program at the grantee's location.
- Includes document reviews and interviews with staff.
- Document reviews may also occur off-site before or after the on-site visit.

# TYPES OF MONITORING

## Desk Monitoring

- Grantees submit documents identified in the monitoring plan for review.
- The documents are assessed to determine the grantee's progress in meeting performance standards and grant requirements.
- Grantee interviews can be conducted via videoconference or teleconference to obtain additional information.

# TYPES OF MONITORING

## Virtual Monitoring

- More prevalent now due to pandemic.
- Cost effective.
- Usually conducted via:
  - Video conference facilities.
  - Desktop/Laptop (Zoom, MS Teams).
  - Static or mobile cameras used.
  - Some elements similar to Desk Monitoring (preview of documents, interviews before or during virtual meeting).

# MONITORING TECHNIQUES

## WHO AND HOW?

- How many grantees do you monitor? Include all grantees each year or use a rotational subset (ex. Annual, Bi-annual, other timeframe) that will enable you to ensure oversight for all grantees.
- Conducting a comprehensive **Risk Assessment**:
  - Process or method to identify risks that have potential to cause harm.
  - Four parts - Identification, Analysis, Likelihood, Cost.

# MONITORING TECHNIQUES

## RISK-BASED MONITORING

- Monitoring should focus on the most critical risks which, if not mitigated, would jeopardize a grantee's ability to meet performance standards and comply with grant requirements.
- A grantee identified as posing significant risk should receive priority when allocating staff and travel resources because, generally, it will require the most intense monitoring.
- In evaluating which grantees should receive priority for monitoring based on risk, you may also consider past performance of the grantee (including Single Audit Act data) and the amount of dollars at risk under a grant.



# MONITORING TECHNIQUES

## RISK-BASED MONITORING

- The risk assessment process should include a **RISK RUBRIC** to identify and assess a grantee's potential risk. A risk rubric could consist of:
  - Risk indicators for meeting performance standards and complying with program, financial, and administrative requirements; and
  - Methods to weigh indicators to establish relative **Risk Levels** for each grantee.
- For example, the following risk level categories could be used:
  - **Low Risk** - Routine monitoring may be appropriate.
  - **Elevated Risk** - Increased monitoring frequency or intensity may be appropriate with possible additional specific conditions and technical assistance.
  - **Significant Risk** - Increased monitoring frequency and intensity, specific conditions, technical assistance, and high-risk designation may be appropriate.



# MONITORING SCOPE

## TECHNICAL ASSISTANCE DURING MONITORING

- Not only to assess performance and outcomes but to also assist grantees in understanding and meeting performance standards and grant requirements.
- Technical assistance allows for engaging grantees to identify and mitigate potential areas of concern before they become performance or compliance issues. Examples include:
  - General technical assistance, either one-on-one or a training session for all grantees, on issues of concern you anticipate may be problematic.
  - Information about new, revised, or misunderstood grant administration or regulatory issues.
  - Feedback on grantees' successes and challenges associated with grant implementation.



# MONITORING APPROACH AND RESOURCES

## COLLABORATIVE MONITORING

- Consider collaborating with other offices that make awards to the same grantee if a grantee appears to pose significant risk to other grant programs.
- Program offices can work together and develop risk mitigation strategies to address common and systemic problems. A cross-program mitigation strategy may include:
  - Joint training of grantee staff, technical assistance, and site visits.
  - Pooled skills to identify issues that may require targeted monitoring (such as fiscal and management infrastructure).
  - Determine whether monitoring should be focused on specific shared issues.



# MONITORING TECHNIQUES

## MONITORING PROTOCOLS

Monitoring Protocols will help you in identifying and documenting the status of a grantee's program, financial, and administrative performance as well as compliance with program requirements. Protocols might include:

- Program-specific templates and tools.
- Processes for conducting monitoring entrance and exit conferences that include a description of what should be communicated to a grantee.
- Timelines and procedures for writing monitoring reports, who needs to approve them, and the process for obtaining legal review when appropriate (such as when findings raise new, complex, significant or controversial legal issues).
- A process for obtaining a grantee's response to the draft or final monitoring report, as appropriate.
- Guidelines for when grantees will be required to develop and implement a Corrective Action Plan (CAP).
- A process for reviewing and approving CAPs.
- A process for following-up on the completion of corrective actions.



# MONITORING APPROACH AND RESOURCES

## GRANTEE DOCUMENT FILE

Documentation of a grantee's progress in meeting performance standards and compliance with grant requirements should be maintained in the grantee's official grant award file. At a minimum, documentation concerning the following should be maintained:

- Monitoring reports.
- Corrective Action Plans (CAPs).
- Communications related to monitoring activities.
- Evidence of actions taken to resolve and close findings in monitoring reports.
- Technical assistance provided to help the grantee correct the findings of noncompliance identified in the monitoring report (e.g., policy, guidance, or training).
- Documents supporting key internal controls in the monitoring process (e.g., analyses of documents reviewed, checklists, established criteria and standards).

Also, consider developing a Grantee Document File Index for each grant program that identifies where monitoring records are stored (e.g., physical grant files, electronic grants management system, or a hybrid of file locations).



# MONITORING APPROACH AND RESOURCES

## MONITORING REPORTS

- In providing grantees information about the results of review activities, a monitoring report might contain items such as:
  - A statement of monitoring activities or areas reviewed.
  - A statement of findings.
  - A statement of required corrective actions.
  - Recommendations and suggested improvement strategies.
  - A description of any technical assistance that the program office determines is appropriate.
- You might find it helpful to design templates specifically for virtual monitoring that could include additional elements. The template should be shared with the grantee prior to the monitoring event to help get them prepared.



# MONITORING APPROACH AND RESOURCES

## RESOLUTION OF FINDINGS

In establishing a process to monitor and document a grantee's progress towards resolving findings of noncompliance described in a monitoring report, program offices might develop a template for tracking progress in completing Corrective Action Plans (CAPs). The template could:

- Establish a timeline for corrective actions and a schedule for follow-up interactions with the grantee to assess progress;
- Describe the methods that will be used to follow-up on grantee progress (e.g., teleconferences, video conferencing, email, or face-to-face);
- Document interactions with the grantee regarding its progress and completion of planned corrective actions; and
- Capture relevant documents concerning monitoring findings and CAPs that need to be maintained as part of the official grant award file.

# MONITORING APPROACH AND RESOURCES

## CLOSEOUT OF MONITORING REPORT

The grantee could establish a process to close out findings and the monitoring report when a grantee has corrected the findings identified in the report. You should document actions taken by the grantee to correct the findings. This would be the appropriate time to determine if any specific conditions added to the grant or any related high-risk designation should be removed.

- If a grantee is monitored again before all findings have been closed out, repeat findings should be noted in the subsequent monitoring report.
- Incomplete corrective actions from a CAP are best taken into consideration in future risk assessments.
- Findings that continue to repeat generally indicate systemic problems that could affect the grantee's ability to fulfill program expectations.

If a grantee cannot close out a monitoring report because the grantee is unable to demonstrate it has corrected the findings, the grantee should follow its policies and procedures and applicable enforcement options to ensure that grant requirements are met and Federal funds are not misused.



# MONITORING APPROACH AND RESOURCES

## CONTINUOUS IMPROVEMENT

Monitoring protocols and procedures should be reviewed on a regular basis to:

- Identify which practices and procedures are effective.
- Revise as necessary.

Share results and “lessons learned” about effective practices with other offices.

# SUMMARY

Monitoring is an important component of the awarding entities responsibilities for:

- Assessing compliance with applicable requirements and regulations.
- Determining if desired and anticipated outcomes are achieved.

# QUESTIONS & COMMENTS





**Further Questions or Need Assistance:**  
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**THANK YOU!**

