



County of Santa Clara

Policy Name: Subrecipient Monitoring

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Policy Type: Administrative

Category: Fiscal and Budget

Policy Name: Subrecipient Monitoring

Policy Owner: Controller-Treasurer Department

Policy Purpose

The purpose of this policy is to establish countywide guidelines for monitoring subrecipients of federal awards (grants) to the County to ensure compliance with federal statutes, regulations, and the terms and conditions of the subaward.

Policy Summary

The County is responsible for federal funds provided to subrecipients, usually other governmental entities or non-profit agencies, and could be responsible for disallowed expenses if subrecipients are not in compliance with federal statutes, regulations, and terms and conditions of the subaward. As such, the County must monitor all subrecipients of Federal awards, regardless of award size, to comply with [Part 200 of Title 2 of the Code of Federal Regulations \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), often referred to by the short-hand terms of "2 CFR 200" or the "Uniform Guidance."

This policy covers key areas for monitoring subrecipients of Federal awards to the County. The specific monitoring requirements may differ based on each grant award and may change from year to year. The scope and extent of monitoring efforts are to be based on the grant requirements and results of the responsible County Agency's or Department's risk assessment of



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subrecipients. County Agencies and Departments are to establish policies and procedures for monitoring subrecipients that are tailored to their particular Agency or Department to address their unique circumstances but that are in conformity with this policy.

The Controller-Treasurer Department General Accounting Unit (GAU) [Operations Section] requires all Agency/ Department Heads and Fiscal Officers to certify that they have followed this policy and have complied with all the subrecipient monitoring and management requirements of [Subpart D of Part 200 of Title 2 of the Code of Federal Regulations \(Post Federal Award Requirements\)](#) by completing the County's Subrecipient Monitoring Certification on a fiscal year basis.

Pre-Subgrant Requirements

County Agencies and Departments who wish to engage another non-federal entity to carry out the federal program must:

- If the program includes eligibility requirements for subrecipients, verify that the required eligibility determinations have been performed. For example, if the determination of eligibility is based upon an approved application or plan, obtain a copy of such document and identify the applicable eligibility requirements; and
- Verify that the entity is not debarred, suspended, or otherwise excluded. The verification must be accomplished by:
 - Checking the federal [System for Award Management \(SAM\)](#) Exclusions; and
 - Collecting a certification from the entity (see Appendix A for an example).



- A clause or condition must also be included in the covered transaction with that entity to require reporting of any debarment or suspension occurring during the subgrant period; and,
- Maintain documentation to support the verification was done before or at the time of contract execution.

Requirements for Pass-Through Entities

To comply with [2 CFR 200](#), County Agencies and Departments must:

- Ensure that every subaward is clearly identified to the subrecipient as a subaward;
- Ensure the subaward includes required information as stated in [2 CFR § 200.331\(a\)](#) at the time of the subaward, as discussed further below, and, if any of these data elements change, include the changes in a subsequent subaward modification;
- Evaluate every subrecipient's risk of noncompliance with statutes, regulations, and terms and conditions of the subaward, as discussed further below;
- Consider imposing specific subaward conditions on subrecipients, if appropriate (examples of conditions that may be added can be found in [2 CFR § 200.207](#));
 - Monitor subrecipient activities, as discussed further below;
- Retain documentation to support monitoring activities being performed;
- Verify that every subrecipient is audited as required by [Subpart F of Title 2 of the Code of Federal Regulations \(Audit Requirements\)](#), if applicable;
- Consider the need for adjustments to the County's records based on the results of subrecipient's audits, on-site reviews, or other monitoring; and,
- Take enforcement actions against noncompliant subrecipients, as described in [2 CFR § 200.338](#).



Subaward Identification

County Agencies and Departments must ensure that every subaward is clearly identified to the subrecipient as a subaward. Refer to [2 CFR § 200.331\(a\)](#) for the complete list of requirements. This includes, but is not limited to:

- Federal Award Identification, see [2 CFR § 200.331\(a\)\(1\)](#) for identification requirements;
 - County requirements imposed on the subrecipient;
- Indirect cost rate, either the one negotiated between the subrecipient and the Federal Government, or if no such rate exists then one negotiated between the subrecipient and the County;
- Requirements for the subrecipient to allow the County and its auditors to have access to the subrecipient's records and financial statements; and,
 - Terms and conditions concerning closeout of the subaward.

Subrecipient's Risk of Noncompliance

County Agencies and Departments must evaluate the subrecipient's risk of noncompliance with federal statutes and regulations and the terms and conditions of the subaward. This includes, but is not limited to reviewing:

- Subrecipient's prior experience with the same or similar subawards;
- Results of previous audits;
- Changes to subrecipient's personnel or systems; and,
- Extent and results of federal awarding agency monitoring, if applicable.

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County Agencies and Departments must perform monitoring procedures to ensure all grant subrecipients comply with the terms and conditions of the awards. Monitoring of subrecipients must include:

- Reviewing subrecipient's financial and performance reports;
- Ensuring subrecipients provide timely reports and information as required in the terms of the grant;
- Following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided by the County; and,
- Issuing a management decision on audit findings as required by [2 CFR § 200.521 \(Management Decision\)](#).

Monitoring methods include, but are not limited to:

- Frequent, scheduled phone conversations;
- In-person meetings;
- Written progress reports;
- Financial status reports;
- Periodic checks of the SAM Exclusions;
- Review of draft deliverables;
- Site visits; and,
- Providing subrecipients with training and technical assistance.

Closeout of Subrecipient Awards

County Agencies and Departments are responsible to initiate subaward closeout actions following the conclusion of the subaward period of performance. See [2 CFR § 200.343](#) for the list of actions required to complete this process.



Subrecipient and Contractor Determinations

County Agencies and Departments must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of subrecipient or a contractor. A contract is for the purpose of obtaining goods and services for the County's own use to carry out the project or program under a federal award and creates a procurement relationship with the contractor (see [2 CFR § 200.22](#)). A subaward is provided to a subrecipient for the subrecipient to carry out a portion of a Federal award and creates a federal assistance relationship with the subrecipient (see [2 CFR § 200.92](#)). Federal awards expended as a recipient or a subrecipient are subject to the audit requirements under [2 CFR § 200.501](#). Payments received for goods or services provided as a contractor are not considered Federal awards and the contractor is not subject to compliance requirements of the federal program as a result of the agreement.

Procedures

Subrecipient Monitoring Certification

- 1) On an annual basis, the **Controller-Treasurer Department GAU [Operations Section]** sends County Agencies and Departments a Subrecipient Monitoring Certification along with a specific deadline when it shall be completed and returned.
- 2) **County Agencies and Departments** complete and return the Subrecipient Monitoring Certification, by the specified deadline, to the Controller-Treasurer Department GAU [Operations Section].

Definitions



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

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

Frequently Asked Questions

None.

Related Policies

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

Related Forms and Information

- Code of Federal Regulations: The Executive Office of the President, Office of Management and Budget’s (OMB) guideline 2 CFR Part 200 (referred to as



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the “Uniform Guidance”) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards -

<https://www.ecfr.gov/cgi-bin/text-idx?SID=6798d79c67d230c2c3739f00095936d9&mc=true&node=pt2.1.200&rgn=div5>

- Appendix A – Subrecipient Certification of Debarment, Suspension, Proposed Debarment [url]/sites/policies/FormsrelatedtoPolicies/Appendix-A-Subrecipient-Certification-of-Debarment-Suspension-Proposed-Debarment.pdf

History

Date	Changes Made
1/17/2020	Policy Adopted. (Kyle Larson)