



**Missouri Office of Homeland Security**  
**Division of Grants, Local and State Assistance**  
**Information Bulletin**  
**OHS-GT-2012-001-01**

**Subject:** Policy on Monitoring Subrecipient Reporting, Recordkeeping, and Internal Operation and Accounting Control Systems

**Effective Date:** November 1, 2016

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## I. Introduction

The Missouri Office of Homeland Security (OHS), Division of Grants, Local and State Assistance is providing this policy to assist local governments, state agencies, and non-profits in understanding federal and state requirements regarding subrecipient monitoring.

**This information bulletin replaces OHS-GT-2012-001 “Policy on Monitoring Subrecipient Reporting, Recordkeeping, and Internal Operation and Accounting Control Systems” dated April 15, 2012.**

## II. Purpose

The OHS, as the federal recipient, is responsible for monitoring subrecipients and ascertaining all fiscal, compliance, and programmatic responsibilities are fulfilled. The OHS has established the Division of Grants, as its administrative and fiscal management entity for its federal grants. This includes monitoring subrecipient reporting, recordkeeping, and internal operation and accounting control systems. Grant management ensures the grant program is operating efficiently, its internal control program is operating successfully, and any deficiencies detected in the grant program are corrected in a timely manner. The Division of Grants is responsible for monitoring the activities of, and pass-through requirements to, any grant subrecipients. The OHS grant programs subject to this general monitoring policy include:

- EMPG – Emergency Management Performance Grant Program
- HSGP – Homeland Security Grant Program
- NSGP – Nonprofit Security Grant Program
- UASI – Urban Areas Security Initiative
- Any funds from other program sources provided through the subrecipient award process

The OHS is the State Administrative Agency (SAA) and primary recipient of Homeland Security grant funds. The OHS is tasked with monitoring the progress of subrecipient projects in accordance with the State Homeland Security Strategy (SHSS) to gauge statewide progress toward strategy implementation required for up-line reporting to the U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency’s (FEMA), Grant Programs Directorate (GPD). Subrecipient monitoring is also critical to determine whether grant funds awarded for planning, organizational, equipment, training, exercise, and administrative projects are expended in accordance with administrative and fiscal guidelines, and sub-grant award documents.

## III. Overview

The Division of Grants administers subrecipient grants and monitors their activities from award to closeout. The Division of Grants provides day-to-day oversight, reconciles and approves programmatic subrecipient expenditures, reviews the subaward adjustments and

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claims, and provides general support and assistance relating to procurement and project implementation. The Division of Grants authorizes reimbursement for expenditures, monitors reports, and processes submitted claims with supporting documentation for compliance, then forwards for payment. The Division of Grants assigns a Grant Specialist to oversee a subrecipient's annual grant file reviews, office-based monitoring, and on-site subrecipient monitoring visits. Additionally, the Division of Grants assigns a Monitoring Specialist who is responsible for conducting subrecipient monitoring.

Monitoring grants encompasses two main areas:

- 1) **Fiscal and compliance** monitoring of planning, procurement and contracts, exercise, administrative, training funds, and compliance with regulations; and
- 2) **Programmatic** monitoring of subrecipient progress towards achievement of goals and objectives, and operations, including equipment deployment, for project implementation and execution.

Subrecipient monitoring is carried out through two means:

- **Office-based** monitoring
- **On-site** monitoring

Monitoring assists the OHS to identify areas of need for subrecipient support, provides feedback on ways to improve its services and recognizes promising practices performed by the subrecipient. Both forms of monitoring require written documentation.

For reference, the OHS conducts subrecipient fiscal and programmatic compliance monitoring based upon the then-current requirements found in the following:

- 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 2 CFR Part 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110)
- 44 CFR Part 10, Environmental Considerations
- CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87)
- 2 CFR Part 220, Cost Principles for Educational Institutions (OMB Circular A-21)
- 2 CFR Part 230, Cost Principles for Non-Profit Organizations (OMB Circular A-122)
- 48 CFR 31.2, Federal Acquisition Regulations (FAR), Contracts with Commercial Organizations
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

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- Missouri Office of Homeland Security Division of Grants, Local and State Assistance, “Administrative Guide for Homeland Security Grants”
- Applicable Certifications and Assurances/Special Conditions
- Applicable Grant Program Guidance/Funding Opportunity Announcement
- Subrecipient Grant Award of Contract

\*Note: All grant awards made on or after December 26, 2014 will be monitored using 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which replaced OMB Circulars: A-21, A-87, A-110, A-122, A-89, A-102, and A-133.

#### IV. Office-Based Monitoring

Office-based monitoring is a review that Division of Grants staff conducts from the OHS’s office. The Division of Grants will conduct office-based monitoring reviews for all subrecipients that do not receive an on-site monitoring visit in each calendar year. The Division of Grants (Administrator) may decide that an on-site monitoring visit is needed in addition to, or in lieu of, office-based monitoring.

**Grant file review:** The Grants Specialist, in coordination with the Monitoring Specialist, will conduct a comprehensive review of the subrecipient grant file to ensure all documentation is complete and current. The Monitoring Specialist will confer with the Grant Specialist regarding any file irregularities or problems the subrecipient is experiencing, and will ensure any apparent problems are addressed. Subrecipients must keep the following documents in its grant file:

- Complete application with original signatures, indicating the date received
- Grant Award of Contract document with original signatures, special conditions, certifications and assurances, project narrative, and budget detail
- Subaward adjustments with original signatures
- Bi-annual Status Reports with supporting documentation
- Final grant reports with supporting documentation
- Procurement/Contracting procedures
- As applicable, procurement and contracting authorizations (e.g. sole-source procurements, requests for proposals, signed contracts, etc.)
- Equipment inventory reports (if applicable)
- Audit reports
- Inventory list
- Paper and/or electronic copies of any substantial deliverables (e.g. photos, Power Point presentation, training course curriculum, program plans, brochures, outreach materials, etc.)
- Correspondence relating to the grant, especially any previous monitoring documentation (if applicable)
- Documentation for any controlled equipment

**Monitoring:** The Monitoring Specialist will use the information from the grant file review to perform fiscal and programmatic compliance monitoring. The Division of

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Grants will verify compliance with the certifications and assurances listed in the subrecipient's *Grant Award of Contract* document. The reviewer will assess the status of reports as required, the rate of fund expenditure, progress implementation, and timelines.

#### Fiscal and Compliance Monitoring

A low rate of funds expenditure is of particular concern to the OHS because it may indicate project delays or inactivity. If Division of Grants staff determines that a subrecipient is having an issue expending grant funds, the Division of Grants will ask the subrecipient to explain the reasons for the low rate of expenditure or delayed procurement activities.

#### Programmatic Monitoring

The Division of Grants will use the grant file review and office-based monitoring to determine a subrecipient's achievements and potential problems faced in implementing the project(s). During the office-based monitoring, the OHS staff will examine the project narrative and progress reports for the following information:

- Goals, objectives, and implementation steps, planned versus actual,
- Requirements and activities,
- Timelines, planned versus actual,
- Evaluation plans, and
- Performance measures.

The Division of Grants will also review the incidence of exercise and training activities and determine if these activities have been conducted in accordance with the project timeline and with relevant goals and objectives in the State Homeland Security Strategy and the Homeland Security Exercise and Evaluation Program (HSEEP).

#### **Monitoring Report**

Within fifteen (15) business days after the Division of Grants staff completes the office-based monitoring, the Monitoring Specialist will prepare a Monitoring Report that details the highlights of the review. The Monitoring Specialist will provide this report to the Grants Specialist and then to the Administrator for approval. After the Administrator has approved the report, it will be provided to the subrecipient. The report will, if applicable, reflect any notice given to the subrecipient about: delinquent reports, failure to submit proper documentation, any issues noted during the review, and any discussion of outstanding special conditions.

All written reports will be added to the subrecipient's OHS grant file and placed in WebGrants. Additionally, if the subrecipient noted any problems or issues regarding implementation of any area of the program, the Monitoring Specialist should note what steps the subrecipient and Division of Grants are taking to resolve the issue(s). The

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report, if applicable, will include a brief written plan and timeline to resolve any problems found during the monitoring. When all problems have been resolved a follow up letter with an updated monitoring report will be provided to the subrecipient.

## **V. On-Site Monitoring**

On-site monitoring is a review that Division of Grants staff conducts at the subrecipient's office/facility. The Division of Grants will conduct on-site monitoring visits for each subrecipient during its initial performance period. The frequency and number of monitorings take into account the OHS risk assessments for each individual subrecipient. Additionally, the Division of Grants will conduct on-site monitoring of the UASI subrecipient(s) every other year and two other randomly selected subrecipients yearly.

If the subrecipient has received subawards under several OHS programs, all program grants will be reviewed and monitored at the same time, and the appropriate Grants Specialist for each program will participate in the on-site monitoring.

At least thirty (30) days in advance of the proposed visit, the Grant Specialist will contact the subrecipient to schedule an on-site monitoring visit, briefing the subrecipient on what activities and discussions will take place. The Monitoring Specialist will provide the subrecipient with a read-ahead packet, including a cover letter, draft meeting agenda, and proposed list of questions/identification of issues, to ensure on-site time is focused on discussing issues instead of locating documentation. The cover letter will be copied to the subrecipient's authorizing official listed on the grant award and to the appropriate Grant Specialist(s). The letter will include the names of persons who the Division of Grants wants to attend the monitoring visit and what times those individuals are scheduled to meet with Division of Grants staff.

Fiscal and compliance issues are generally discussed with the subrecipient Project Manager and Chief Financial Officer and/or fiscal coordinator. Programmatic issues are discussed with the subrecipient Project Manager, local authorizing officials, and other recipient agencies or representatives.

If multiple grant programs and years are being monitored, the subrecipient must ensure the corresponding responsible parties are available to participate in meetings during the site visit.

### **Fiscal and Compliance Monitoring**

In advance of the on-site monitoring visit, a Grants Specialist will perform a grant file review to determine what information is needed during the monitoring visit. The Grant Specialist will review the subrecipient grant program files, applicable spending plans, accounting systems and controls, records retention systems, third-party contracting,

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procurement activities, equipment inventory, equipment/property management systems, and civil rights laws compliance.

During the on-site monitoring visit, Division of Grants staff will discuss fiscal and compliance topics with the subrecipient's Project Manager, Chief Financial Officer, fiscal coordinator, and other staff responsible for managing the subrecipient's grant(s). The on-site fiscal and compliance monitoring will also include: a discussion of the questions that the Monitoring Specialist provided to the subrecipient in the read-ahead packet, the issues, if any, that were found by the Grant Specialist during its pre-site visit review.

During its review, Division of Grants staff will also determine if a subrecipient is experiencing any problems that are causing the subrecipient to have a low rate of funds expenditure. A low rate of funds expenditure is of particular concern to the OHS because it may indicate project delays or inactivity. If Division of Grants staff determines that a subrecipient is having an issue expending grant funds, the Division of Grants will ask the subrecipient to explain the reasons for the low rate of expenditure or delayed procurement activities.

#### Programmatic Monitoring

During the on-site monitoring visit, Division of Grants staff will discuss programmatic topics with the subrecipient's Project Manager, local authorizing officials, and other recipient agencies or representatives. This may include a discussion about project implementation such as milestones, timeline, rate of funds expenditure, project operations, performance measures and evaluation, etc., and include development or update of the subrecipient's all-hazards emergency operations plan, operations systems, coordination with project-affiliated departments, organizations, contractors, and opportunities for the subrecipient to improve grant management and outreach capabilities.

#### Exit Interview

During the on-site visit, the Division of Grants staff will conduct an exit interview with the subrecipient to discuss findings from the meetings and clarify any corrective action items that the subrecipient or Division of Grants staff need to complete after the visit. Division of Grants staff will ask for feedback to identify areas of improvement by which the OHS can better support, assist, or enable subrecipient project success.

The exit interview also highlights what will be included in the *Post-Site Visit Letter* which will be sent to the subrecipient's authorizing official listed on the award, and the appropriate Grants Specialist. The letter summarizes contents of the Monitoring Report which will be placed in the subrecipient's grant file. If any outstanding financial, compliance, and programmatic issues are identified the subrecipient is required to submit a *Corrective Action Plan* within 30 days of receipt of the report identifying what steps the subrecipient is taking to resolve them.

### **Post-Site Visit Correspondence and Monitoring Report**

Within fifteen (15) business days after Division of Grants staff completes the monitoring review, the Grant Specialist will send an e-mail thanking the subrecipient for the visit and indicating follow-up activity the Division of Grants is taking to resolve any problems or issues raised during the visit. Within thirty (30) business days of the monitoring review the Monitoring Specialist will prepare a Monitoring Report that details the highlights of the review. The Monitoring Specialist will provide this report to the Grants Specialist and then to the Administrator for approval. After the Administrator has approved the report, it will be provided to the subrecipient. If the subrecipient has received more than one grant, a single Monitoring Report will be used to describe the monitoring activities of all the grants and should clearly explain the financial and programmatic issues addressed for each grant. The Monitoring Report will, if applicable, include any corrective action required by the subrecipient including delinquent reports, failure to submit proper documentation, and any discussion of outstanding special conditions.

Additionally, if the subrecipient noted any problems or issues regarding implementation of any area of the program, the report will note what steps the subrecipient and Division of Grants are taking to resolve the issue(s), as well as a brief written plan and timeline to resolve any problems found during the monitoring. When all problems have been resolved a follow up letter with an updated monitoring report will be provided to the subrecipient and circulated through the appropriate channels within the OHS. All written reports will be added to the subrecipient's OHS grant file and placed in WebGrants.

### **VI. Single Audit**

The purpose of *Single Audit Act Amendments* of 1996 and 2 CFR Part 200, Subpart F are to promote accountability of state and federal financial assistance, and to increase the efficiency of the monitoring process. During both office-based and on-site monitoring, the OHS will review subrecipient compliance with Single Audit requirements. Monitoring will be used to determine if subrecipients are conducting and reporting Single audits as required and to determine if there are any negative findings that may be applicable to the OHS sub-awards.

If negative findings are discovered during the audit review, the subrecipient may be responsible for submitting a corrective action plan that addresses each audit finding and for submitting supporting documentation.

\*Note: Prior to December 26, 2014, the audit threshold was \$500,000 per OMB Circular A-133.

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**VII. Grant Contact Information**

The OHS grant points of contact can be found online at:  
<http://dps.mo.gov/dir/programs/ohs/grantstraining/>.

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