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| CITY OF SPOKANE DEPARTMENT POLICY AND PROCEDURE | DEPT 1540-09-02 LGL 2009-0032 |
| TITLE: HUMAN SERVICES MONITORING POLICY FOR STATE AND FEDERAL SUBRECIPIENTS EFFECTIVE DATE: January 6, 2010 REVISION DATE: N/A | |

1.0 GENERAL

1.1 As a grantee of local, state and federal funds, the City of Spokane Human Services Department is responsible for the programmatic and financial monitoring of its subrecipients. This policy is provided to assist responsible staff in carrying out their monitoring responsibilities.

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy shall apply to the City of Spokane Human Services department and agencies under contract with the department as a subrecipient of state or federal grant awards.

3.0 REFERENCES

Title 24 Code of Federal Regulations
Chapter 43.185C Revised Code of Washington
Federal and State Law Relating to Specific Grant In Question

4.0 DEFINITIONS

- 4.1 "Department" means the Human Services Department of the City of Spokane.
- 4.2 "Grantee or pass-through entity" means a non-federal entity receiving an award directly from a federal, state or local awarding agency to carry out a project or program. The Human Services Department is a grantee.
- 4.3 "Subrecipient" means a non-federal entity that expends federal awards from a pass-through entity (Human Services Department) to carry out a federal program.

5.0 POLICY

- 5.1 The City of Spokane Human Services Department, as a grantee of various state and federal grant awards, is required to develop and implement policies and procedures for the monitoring of subrecipients currently under contract with the City of Spokane Human Services Department. The purpose of such policies and procedures are to ensure that subrecipients conduct their programs in compliance with federal rules and regulations and the terms and conditions of subcontracts or agreements, and that costs incurred by subrecipient are reasonable and allowable.
- 5.2 The goal of monitoring is to assure subrecipients conduct their programs in compliance with federal rules and regulations; the terms and conditions of subcontracts or agreements; and that costs incurred by subrecipients are reasonable, allocable and allowable.
- 5.3 The following are core elements of compliance for subrecipients:
 - a. Providing subrecipient of federal award information: CFDA title and number, award number and name of federal agency.
 - b. Providing subrecipient of state award information:
 - c. Advising subrecipient of all federal and state laws and regulations applicable to the award.
 - d. Monitoring subrecipient activities to provide reasonable assurance that the subrecipient administers federal funds in compliance with federal regulations and with City of Spokane subcontracts or agreements.

- e. Ensuring required A-133 audits are performed for applicable subrecipients.
- f. Issuance of a management decision on subrecipient audit findings that relate to the subgrant award.

6.0 PROCEDURE

6.1 Risk Assessment.

The department will evaluate whether a subrecipient is a higher or lower risk in determining the level of monitoring and scrutiny. The frequency, scope, and type of monitoring will be determined by the following criteria:

- a. The size of the subrecipient award.
- b. Subrecipients with prior audit or monitoring findings or have not conformed to terms and conditions of previous awards.
- c. The complexity of the funding program--funding programs with complex compliance requirements have a higher risk of noncompliance.
- d. Experience level of subrecipient staff administering the program.
- e. Issues identified by the desk reviews that require on-site follow up.
- f. New, or substantially new systems within the agency.

6.2 A-133 Audit Requirement.

6.2.1 The department will ensure that an audit in conformance with OMB Circular A-133 is conducted for each subrecipient that expends \$500,000 or more in federal assistance funds (received from all federal sources combined) during a fiscal year to operate one or more programs.

6.2.2 If the subrecipient expends \$500,000 or more under one federal program, the subrecipient is not subject to a requirement for a financial statement audit and may elect to have a program-specific audit.

6.2.3 The subrecipient is required to obtain the services of independent auditors to conduct the audit.

6.3 Monitoring Methods.

Based on the level of risk assigned to each subrecipient, the department will initiate different forms of monitoring methods, such as the following.

6.3.1 Desk Reviews.

- a. Desk reviews allow for collecting and analyzing information and supports on-site reviews/monitoring. Desk reviews analyze data such as quarterly performance reports, financial information, contracts, budgets and audits.
- b. Clarification of invoiced charges will be requested for further explanations of questionable or other charges. The department may request that the subrecipient provide source documentation for selected invoiced charges to verify their allowability and reasonableness. Source documents such as invoices, receipts, vouchers, cancelled checks and timesheets may be requested. The desk reviews may include telephone and/or email contacts with the Subrecipient under review.

6.3.2 On-site Reviews.

- a. On-site reviews allow for the verification of items contained in the subcontract or agreement or which were identified in the desk review. Additional on-site reviews may also be conducted on an as-needed basis, should issues arise that require immediate attention. The scheduling of monitoring review will be coordinated to minimize disruption of the operation of the subrecipient.
- b. When conducting an on-site monitoring visit, department staff will:
 - Conduct an entrance interview with key staff.
 - Select and review project files, client files and third party files for necessary documentation.
 - Interview appropriate officials and employees.
 - Visit the project site as necessary.
 - Discuss any discrepancies resulting from the review of files, interviews and site visits.

- Conduct an exit interview with appropriate staff/officials to discuss monitoring results.

6.3.3 Regular Contact.

The department will maintain regular contact with subrecipients regarding financial or program activities.

6.3.4 Discretionary Audits.

Discretionary audits will be performed if questionable costs are unresolved. An audit of all or a portion of questionable costs may be required.

6.4 Monitoring Schedule and Staff Coordination

6.4.1 Coordination between Human Services staff will occur to establish an annual schedule of on-site monitoring visits to review administrative, programmatic, and financial performance.

6.4.2 Financial monitoring will be conducted by a City of Spokane Human Services accounting staff person, with the financial monitoring records to be maintained in the Human Services Department, 808 West Spokane Falls Boulevard, Spokane, Washington 99201-3333.

6.4.3 Administrative and programmatic monitoring will be conducted by the Human Services staff person assigned to the project. Records of such monitoring will be maintained in the Human Services Department, 808 West Spokane Falls Boulevard, Spokane, Washington 99201-3333.

6.4.4 The Human Services Department will notify subrecipients by mail or e-mail of the time and date for the scheduled on-site monitoring visit. Notification will be provided about two weeks in advance and will include areas to be reviewed and documentation and staff to have available for the review.

6.5 Monitoring Results

6.5.1 When an on-site monitoring review has been completed, a subrecipient monitoring report will be completed by Human Services staff. The monitoring report will be structured to assist the subrecipient by providing feedback regarding the program, financial, compliance and performance issues.

6.5.2 In general, the monitoring results letter will include the following:

- Project name and number.

- Date(s) of the visit.
- Name of City staff and contact information that conducted visit.
- Scope of the monitoring visit.
- Names of agency staff / officials involved in the visit.
- Concerns, findings and results of the visit, both positive and negative.
- Specific recommendations or corrective actions to be taken.
- Time frame for completion of actions to be taken.
- Request for documentation that corrective action was taken.

6.5.3 The monitoring report will be sent to the authorized agency official within thirty (30) days of the monitoring visit. A copy of the letter may also be provided to the Continuum of Care Steering Committee or other entities as deemed appropriate, and to the chairperson of the subrecipient's governing board as deemed necessary.

6.6 Follow-Up Action.

If concerns or findings are identified during the monitoring visit that require corrective action, the City will require a time frame that the actions must be completed by, usually thirty (30) days. If the target date for corrective action is not met, a written request for response will be sent to the agency. If the agency does not sufficiently respond, further payments may be withheld until corrective action is resolved. If corrective actions are determined to be unacceptable, payments will continue to be held and further enforcement actions may be initiated.

6.7 Resolving Findings

Once corrective actions indicate that the identified concerns or findings have been resolved satisfactorily, a response letter will be mailed to the agency stating that the issues at hand have been resolved.

6.8 Technical Assistance.

6.8.1 Department staff will work with subrecipients on an individual basis to assist them with compliance activities during project implementation. Staff may provide copies of federal requirements,

forms for the subrecipient to use, or other materials to assist with complying with federal program requirements. Staff may help to establish compliance procedures or processes for a sub recipient to follow. The subrecipient, however, accepts primary responsibility for meeting the federal requirements as outlined in the grant agreement between the City of Spokane and the awarding agency.

6.8.2 The City does not have adequate staffing to provide technical assistance in noncompliance matters such as law, real estate, engineering, architecture, audits and financial management. Subrecipients have the responsibility to obtain these services to the extent needed for project implementation and evaluation.

6.9 Sanctions or Official Actions.

The department may impose sanctions against a subrecipient should the subrecipient fail to take timely and responsive action in response to significant issues identified in the monitoring report, or in the A-133 Audit. The specific sanctions imposed should relate to the specific violations and/or to the scope of violations. Sanctions may include:

- a. Suspension of the affected program until corrective action is implemented.
- b. Increased documentation requirements and/or increased monitoring frequency and/or scope.
- c. Disallowance of costs associated with the particular violation or deficiency and seek repayment.
- d. Denial or adjustment of requests for funds until the violation or deficiency has been corrected.
- e. Cancellation of subcontract or agreement.
- f. Termination of program funding.

6.10 Department Documentation.

The department shall maintain appropriate documentation of all monitoring activities. Documentation shall consist of the following

- a. Annual monitoring work plan.
- b. Completed subrecipient risk analysis.
- c. Notification of on-site monitoring letters to subrecipients.

- d. Completed monitoring reports and related staff notes.
- e. Documentation relating to final resolution of any identified deficiencies [including responses both to and from the subrecipient and the department reviewer.
- f. The Human Services Director will periodically and randomly review the official monitoring files (both hard copy and electronic information systems) to determine that proper documentation is in place.


7.0 RESPONSIBILITIES

Human Services Director or designee is responsible for the administration of this policy.

8.0 APPENDICES

None

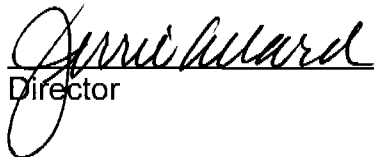
APPROVED BY:



City Attorney (Asst)

12-22-09

Date



Director

12/28/09

Date