



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

Sub-recipient Monitoring Policy

The Public Education Reform Amendment Act (PERAA) of 2007 (D.C. Law 17-9) established OSSE as the state education agency (SEA) for the District of Columbia (D.C. Code § 38-2601.01). As the SEA, OSSE is responsible for monitoring sub-recipients to ensure compliance with local and federal laws and regulations.

This document establishes the minimum requirements and standards that the Office of the State Superintendent of Education (OSSE) shall use to monitor federal and local programs implemented by grant sub-recipients, including, but not limited to: local education agencies (LEAs), institutions of higher education, community-based organizations, child care development centers, and other not-for-profit organizations. This policy and the procedures contained herein are subject to changes in applicable federal or local law, regulations, or guidance.

Each division or office within OSSE shall use this policy in developing individual program specific monitoring protocols and tools that address the requirements of each local and federal grant administered by the agency. Additionally, it is noted that programs should consult the City-Wide Grants Manual and Sourcebook when creating program specific monitoring tools for local funds. A copy of the Sourcebook and attachments can be found at: <http://opgs.dc.gov/book/citywide-grants-manual-and-sourcebook>.

This policy addresses types of monitoring and monitoring schedules. It also describes the structure of reports for monitoring, corrective action plans, conditions and restrictions, and resolution expectations.

Hanseul Kang
State Superintendent

Monitoring Policy

Table of Contents

	<u>Page</u>
I. DEFINITIONS AND PURPOSE OF MONITORING	3
II. MONITORING CRITERIA	3
III. TYPES OF MONITORING ACTIVITIES	4
IV. TYPES OF EVIDENCE REQUESTED	5
V. COORDINATING MONITORING ACROSS OSSE	6
VI. MONITORING REPORTS	6
VII. CORRECTIVE ACTION PLAN (CAP)	6
VIII. CONDITIONS/RESTRICTIONS	6
IX. RESOLUTION OF NONCOMPLIANCE	7
X. MONITORING SUMMARY TIMETABLE	7
XI. MANAGEMENT DECISION LETTERS	8
XII. DEFINITIONS	8

I. DEFINITIONS AND PURPOSE OF MONITORING

Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a state approved program in an effort to ensure that a sub-award is used for authorized purposes and in compliance with federal and local laws and regulations, and that the terms and conditions of the sub-award are achieved. The examination addresses programmatic and fiscal components. The process both ensures compliance with grant requirements and measures programmatic results, assisting the SEA in determining which programs need technical assistance in an effort to ensure high quality programs.

II. MONITORING CRITERIA

OSSE will consider at minimum the following risk-assessment criteria when determining the monitoring activities, rotation, and focus areas for each sub-recipient monitoring effort. *Please note that other program and/or fiscal specific criteria may also be considered at the discretion of the respective grant manager.*

- Results from required audits, including the single audit required by 2 CFR 200, Part F;
- Consistent noncompliance relative to unresolved findings identified during previous monitoring reviews;
- The outcome of individual complaints to the agency;
- Higher grant award totals;
- Excess carryover or failure to liquidate funds;
- Late reporting (*e.g.* expenditures, status reports, progress reports, equipment inventory, data collections);
- Lack of alignment between expenditures and approved budget;
- Ratio of disallowed to allowed costs;
- Lack of prior experience with the same or similar sub-awards;
- Failure to adhere to terms and conditions set forth in a Grant Award Notice (GAN) or other documents setting forth the program and fiscal requirements; and
- Failure to make substantial progress toward grant goals and objectives.

Additional risk assessment criteria may include, but are not limited to:

- Prior experience with the same or similar federally or locally-funded sub-awards;
- Administrative costs above budgeted amounts;
- Staffing capacity levels for completion of grant objectives; and
- Whether the sub-recipient has new personnel or new or substantially changed systems.

III. TYPES OF MONITORING ACTIVITIES

OSSE will conduct monitoring activities through both desktop and onsite monitoring. Scheduled onsite monitoring visits will be prioritized by risk-assessment criteria in accordance with 2 CFR § 200.331(b) (described above). Certain grant programs may choose to use a multi-step monitoring process which will include desktop and onsite monitoring in addition to other forms of monitoring. All monitoring strategies and schedules will be coordinated agency-wide to: identify cross-cutting areas of monitoring across programs, align efforts, set clear expectations, and avoid unnecessary burden on sub-recipients.

- A. **Desktop Monitoring:** During desktop monitoring, OSSE performs an intensive review of documents submitted by the sub-recipient or evidence that is otherwise available, in addition to utilizing data submitted by a sub-recipient that is already housed within OSSE’s data systems. Desktop monitoring may also include a more comprehensive review of a sub-recipient’s fiscal and programmatic activities and records. Desktop monitoring is a tiered monitoring approach that can be as specific as a request for documentation supporting a single reimbursement request or as expansive as a request for a series of quarterly reports or an external audit. Determinations from a desktop monitoring may prompt OSSE to schedule an onsite monitoring.
- B. **Onsite Monitoring:** Onsite monitoring involves a comprehensive assessment conducted by a monitoring team at a site where a program is operating. One or more content area experts from OSSE conduct this assessment on site to evaluate all phases of program and fiscal administration and operations using a monitoring tool aligned with grant requirements. Any sub-recipient selected for annual onsite monitoring activities will be notified at least four weeks in advance and will be informed of any documentation to prepare and/or submit prior to the OSSE monitoring team’s visit (commonly referred to as “pre-visit documentation”). OSSE may also conduct onsite monitoring concerning a specific focus area or set of circumstances related to a particular grant. While OSSE has the authority to conduct unannounced visits—and does so—on a case by case basis in consideration of the circumstances, OSSE aims to be as transparent as possible so as to minimize disruption to the academic program when conducting its reviews.
- C. During the onsite review, the monitoring team may perform the following tasks:
 - Review selected documentation (*e.g.* expense reports, local applications, programs of study, curriculum plans) relevant to the grant or program;
 - Review student data/student records as they relate to the grant or program;
 - Visit classrooms or service areas supported by the grant or program;
 - Use expenditure samples to verify and locate equipment purchased;
 - Visit location where financial records are kept;
 - Request sub-recipient to display their financial management system and provide a walkthrough of how transactions are recorded, reconciled, and tracked;
 - Conduct focus group meetings with faculty, staff, students, parents, providers, or other key stakeholders participating in or affected by the grant or program; and/or

- Conduct additional monitoring activities, as needed.

In the instance that student interviews are included within the scope of the planned activities, OSSE will work with the sub-recipient to identify potential students and will provide the sub-recipient with letters to assist the sub-recipient with requesting parental consent as appropriate prior to the interviews. OSSE will not conduct interviews without the receipt of appropriate consent.

At the conclusion of each onsite monitoring visit, the OSSE monitoring team will perform an exit interview with key sub-recipient staff to provide general feedback, outline outstanding documentation requests and the timeline for their submission, and discuss other information critical to draft OSSE's onsite monitoring report to the sub-recipient.

IV. TYPES OF EVIDENCE REQUESTED

OSSE will review documents related to both financial and programmatic activities prepared by the sub-recipient. Commonly requested records for both desktop and onsite monitoring include:

- Documentation related to payroll transactions (*e.g.* a list of employees paid with grant funds; job or position descriptions; time and effort records demonstrating employees worked on grant activities; time and attendance records demonstrating when employee worked; evidence of payroll reconciliations; accounting records indicating how salaries were charged; and/or payment records indicating how salaries were paid);
- Documentation related to procurement (*e.g.* requisitions; cost estimates; requests for bids, proposals, etc.; copies of bids, proposals, etc. submitted; evaluation documents; purchase orders or contracts; invoices; proof that items purchased were received; inventory records; and/or review of the excluded parties list);
- Equipment and other asset inventory logs, including evidence that a physical inventory was conducted if appropriate;
- Other expenditure receipts for items purchased under the grant;
- Fiscal documentation showing the sub-recipient is meeting its obligations under EDGAR 34 CFR §§76.730 and 76.731, and/or the City-Wide Grants Manual and Sourcebook, including documents showing:
 - a) The amount of funds available under the grant;
 - b) How the sub-recipient has used the funds;
 - c) The total cost of projects initiated via the grant award;
 - d) The share of projects' total cost provided from other sources; and
 - e) Other records necessary to facilitate an effective audit.
- Copies of policies and procedures concerning grant administration, especially those related to internal controls;
- Data related to performance against grant goals and objectives; and

- Representative samples of student or staff files.

V. COORDINATING MONITORING ACROSS OSSE

OSSE strives to coordinate monitoring functions for grant programs in order to reduce burden. OSSE's Enterprise Grants Management System (EGMS) and other shared resources enable OSSE's various divisions to reduce the administrative burden of monitoring for sub-recipients, including: coordinating visits; streamlining documentation requests; allowing document requests, response documents, monitoring reports from OSSE, and Corrective Action Plans (CAPs) to be uploaded to an online, centralized platform; and prioritizing monitoring based on information contained within other divisions' monitoring reports.

VI. MONITORING REPORTS

Within ninety (90) calendar days after completion of any desktop review or onsite monitoring (assuming receipt of all supporting documents and materials requested of the sub-recipient), OSSE will send a report to the sub-recipient that will include an overview of any findings, recommendations, and/or plans for onsite monitoring, if applicable. Should a Corrective Action Plan (CAP) that delineates strategies and a timeline in which the sub-recipient will correct any findings be required by OSSE, a sub-recipient will have thirty (30) calendar days to submit the CAP.

Additionally, in specific instances involving immediate student safety or the potential denial of a Free and Appropriate Public Education (FAPE) under the Individuals with Disabilities Education Act, corrective actions may either be stipulated by OSSE and/or include shorter timelines for implementation of the CAP.

VII. CORRECTIVE ACTION PLAN (CAP)

OSSE will review a sub-recipient's CAP and provide feedback to the sub-recipient within thirty (30) calendar days of receipt of the CAP. OSSE will either approve the CAP or provide targeted technical assistance to support the sub-recipient in strengthening the CAP to meet requirements. The OSSE program office will work with the sub-recipient to ensure the plan is sufficient, manageable, and timely. OSSE program staff will ensure that the CAP includes a timeline that requires correction of any findings as soon as possible and in no case more than one year from the date the finding was made. As described in additional detail under Section IX, the OSSE program office may submit post-monitoring documentation requests to ensure the CAP has been sufficiently implemented, and may include verification of CAP implementation as part of subsequent monitoring.

VIII. CONDITIONS/RESTRICTIONS

If a sub-recipient is determined to be high risk or fails to sufficiently implement its CAP within a timely manner, OSSE may impose special conditions or restrictions on the sub-recipient's ability to receive grant funds in the future. Special conditions or restrictions may include:

- Additional reporting;
- Additional onsite monitoring;

- Mandatory technical assistance; and/or
- Withholding or suspension of grant funds, with advanced notice via written notification.

Additional program-specific conditions may also be imposed at the discretion of the respective grant manager if a grant manager believes that the sub-recipient has failed to achieve the performance goals of the grant. The sub-recipient will be notified in writing by the OSSE grant manager if there are any special conditions or restrictions attached to the grant award. The notice will include:

- Nature of the special conditions/restrictions;
- The reasons why the additional conditions/restrictions are being imposed;
- The nature of the action (including any corrective actions) which must be implemented before the conditions/restrictions may be lifted;
- The time allowed for completing the actions, as applicable; and
- The method for requesting reconsideration of the additional requirements imposed.

OSSE will remove special conditions once the conditions that prompted them have been corrected.

IX. RESOLUTION OF NONCOMPLIANCE

OSSE will consider all findings from a monitoring visit resolved only after the sub-recipient has provided sufficient evidence that all findings of noncompliance have been corrected. Sufficient evidence may include, but is not limited to, additional testing of applicable records and the submission of documents identified by OSSE. Once OSSE has collected, reviewed, and deemed acceptable all evidence of implementation of corrective actions, OSSE will issue a closeout letter to the sub-recipient to indicate the findings have been resolved and to document any conditions/restrictions that have been lifted.

X. DESKTOP AND ON-SITE MONITORING SUMMARY TIMETABLE

This section delineates standard timelines related to key monitoring activities. Adjustments to the timeline based on extenuating circumstances will be determined on a case by case basis.

OSSE Monitoring Activity	Due date
Notification of annual onsite monitoring from OSSE to sub-recipient	4 weeks prior to start of onsite monitoring
Monitoring report from OSSE to sub-recipient (both desktop and onsite monitoring)	Ninety (90) days after completion of the review <u>and</u> receipt by OSSE of all supporting documents and materials requested of the sub-recipient
Corrective action plan (CAP) from sub-recipient to OSSE (if required by onsite monitoring report)	Thirty (30) days after receipt of the onsite monitoring report from OSSE
Feedback from OSSE to sub-recipient regarding CAP (if CAP is required)	Thirty (30) days after receipt of the CAP by OSSE
Documentation requests for verification of CAP implementation (post-monitoring)	On an as-needed basis

XI. MANAGEMENT DECISION LETTERS

Following review of the sub-recipient's single audit, as required by 2 CFR Part 200, Subpart F (or OMB A-133 for fiscal years beginning before December 26, 2014), OSSE will issue a management decision letter (MDL). The letter will state whether or not OSSE sustains the audit finding, provide the reasons for the decision, and identify the expected sub-recipient action to repay disallowed costs, make financial adjustments, or take any other corrective action. If the sub-recipient has not already completed the corrective action, the MDL will include a timetable for follow-up.

Prior to issuing the MDL, OSSE may request additional information or documentation from the sub-recipient as a way of mitigating disallowed costs. The MDL will also include a description of any appeal process available to the sub-recipient. OSSE will issue the MDL within six (6) months of acceptance of the audit report by the Federal Audit Clearinghouse. The MDL will include the reference numbers the auditor assigned to each audit finding.

XII. DEFINITIONS

- A. Federal Audit Clearinghouse (FAC)** means the clearinghouse designated by Office of Management and Budget (OMB) as the repository of record where non-Federal entities are required to transmit the reporting packages required by Subpart F—Audit Requirements of 2 CFR Part 200. The mailing address of the FAC is Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, IN 47132 and the web address is: <http://harvester.census.gov/sac/>. Any future updates to the location of the FAC may be found at the OMB Web site.
- B. Local Education Agency (LEA)** means an educational institution at the local level that exists primarily to operate a publicly funded school or schools providing elementary or secondary education in the District of Columbia, including the District of Columbia Public Schools (DCPS) and a District of Columbia public charter school. For the purposes of special education compliance monitoring, LEAs are responsible for ensuring that appropriate and compliant services are provided for students who have been parentally-placed in private (*i.e.*, non-public) institutions.
- C. Community-based Organization (CBO)** means an institution at the local level that exists primarily to engage in community development activities in a particular geographic area, which may include educational, economic, and housing development activities, with the goal of: improving the climate of the area, increasing educational or professional opportunities for the area's residents, or other desired outcomes.
- D. Sub-recipient** means a non-Federal entity that receives a sub-award 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 sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.