

HRSA Regional

Grants Management Workshop

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Subrecipient Monitoring and Management

Uniform Administrative Requirements

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Agenda

- **Section I:** Subrecipient and Contractor Determinations
- **Section II:** Requirements for Pass-Through Entities: Required Information
- **Section III:** Requirements for Pass-Through Entities: Assessment of Risk
- **Section IV:** Requirements for Pass-Through Entities: Subrecipient Monitoring
- **Section V:** Wrap Up

Subrecipient and Contractor Determinations

Subrecipient/Contractor Determinations

- Required to Make Case-by-Case Determinations
- Difference in Oversight Required
- Substance Over Form
- Defined by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 C.F.R. 75)

Subrecipients

- **Subrecipient**: Receives a subaward to carry out a portion of the HRSA award.
- **Assess**: Is the Party Receiving the Funds?

Subaward Characteristics

- Able to determine who is eligible to receive what federal assistance?
- Having its performance measured in relation to whether objectives of the HRSA award program were met?
- Responsible for programmatic decision making?
- Responsible for adherence to requirements specified in the HRSA award?
- Using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of your organization?

Contractors

- **Contractor**: Receives a contract to obtain goods or services for the HRSA recipient's own use.
- **Assess**: Is the Party Receiving the Funds?

Contractor Characteristics

- Providing the goods or services within normal business operations?
- Providing similar goods or services to many different purchasers?
- Normally operating in a competitive environment?
- Providing goods or services that are ancillary to the operation of the HRSA award-funded program?
- Not be subject to compliance requirements of the HRSA award as a result of the agreement?

Concept Check-In: Scenario #1

Scenario #1: You are the HRSA Recipient making an agreement with ABC Organization for further grant award fund disbursement. In this agreement:

ABC will provide office supplies for your staff, including office equipment specifically necessary for the performance of your HRSA award program. ABC will also provide follow up technical assistance services for equipment issues as needed. ABC sells these kind of office supplies and services to many customers across the USA as its primary business.

Does this agreement most likely constitute a subrecipient or contractor relationship?

Concept Check-In: Scenario #1

Characteristic 1

- ABC will **provide office supplies** for your staff, including office equipment specifically **necessary** for the performance of your HRSA grant program. ABC will also provide follow up technical assistance services for equipment issues as needed.
 - ABC will be providing goods or services that are ancillary to the operation of your HRSA award.

<u>Contractor Characteristics</u>	<u>Yes</u>	<u>No</u>
Providing the goods or services within normal business operations?		
Providing similar goods or services to many different purchasers?		
Normally operating in a competitive environment?		
Providing goods or services that are ancillary to the operation of the HRSA award-funded program?	X	
Not be subject to compliance requirements of the HRSA award as a result of the agreement?		

Concept Check-In: Scenario #1

Characteristic 2

- ABC sells these kind of office supplies and services to many customers across the USA.
 - ABC appears to be normally operating in a competitive environment and provides similar goods or services to many different purchasers.

<u>Contractor Characteristics</u>	<u>Yes</u>	<u>No</u>
Providing the goods or services within normal business operations?		
Providing similar goods or services to many different purchasers?	X	
Normally operating in a competitive environment?	X	
Providing goods or services that are ancillary to the operation of the HRSA award-funded program?		
Not be subject to compliance requirements of the HRSA award as a result of the agreement?		

Concept Check-In: Scenario #1

Characteristic 3

- ABC sells these as its **primary business**.
 - ABC will be providing the goods or services within normal business operations.

<u>Contractor Characteristics</u>	<u>Yes</u>	<u>No</u>
Providing the goods or services within normal business operations?	X	
Providing similar goods or services to many different purchasers?		
Normally operating in a competitive environment?		
Providing goods or services that are ancillary to the operation of the HRSA award-funded program?		
Not be subject to compliance requirements of the HRSA award as a result of the agreement?		

Concept Check-In: Scenario #1

Characteristic 4

<u>Contractor Characteristics</u>	<u>Yes</u>	<u>No</u>
Providing the goods or services within normal business operations?	X	
Providing similar goods or services to many different purchasers?	X	
Normally operating in a competitive environment?	X	
Providing goods or services that are ancillary to the operation of the HRSA award-funded program?	X	
Not be subject to compliance requirements of the HRSA award as a result of the agreement?		

This agreement most likely constitutes a contractor relationship.

Concept Check-In: Scenario #2

Scenario #2: You are the HRSA Recipient making an agreement with XYZ Organization for further grant award fund disbursement. In this agreement:

XYZ provides health care services to the general public. XYZ will provide select health care services for the individuals they determine to be eligible per HRSA award requirements and statute. They will be responsible for applicable decision making and program requirements, but you will include their services in your performance reports to HRSA and other assessments of performance.

Does this agreement most likely constitute a subrecipient or contractor relationship?

Concept Check-In: Scenario #2

Characteristic 1

- XYZ provides health care services to the general public. XYZ will provide **select health care services** for the individuals **they determine** to be eligible **per HRSA award requirements and statute**.
 - XYZ will be able to determine who is eligible to receive what federal assistance, and will be using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods and services for the benefit of your organization.

<u>Subaward Characteristics</u>	<u>Yes</u>	<u>No</u>
Able to determine who is eligible to receive what federal assistance?	X	
Having its performance measured in relation to whether objectives of the HRSA award program were met?		
Responsible for programmatic decision making?		
Responsible for adherence to requirements specified in the HRSA award?		
Using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of your organization?	X	

Concept Check-In: Scenario #2

Characteristic 2

- They will be responsible for applicable **decision making** and **program requirements**.
 - XYZ appears to be responsible for programmatic decision making and adherence to the requirements specified in the HRSA award.

<u>Subaward Characteristics</u>	<u>Yes</u>	<u>No</u>
Able to determine who is eligible to receive what federal assistance?		
Having its performance measured in relation to whether objectives of the HRSA award program were met?		
Responsible for programmatic decision making?	X	
Responsible for adherence to requirements specified in the HRSA award?	X	
Using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of your organization?		

Concept Check-In: Scenario #2

Characteristic 3

- But you will include their services in your **performance reports** to HRSA and **other assessments** of performance.
 - XYZ will be having its performance measured in relation to whether objectives of the HRSA award program are met.

<u>Subaward Characteristics</u>	<u>Yes</u>	<u>No</u>
Able to determine who is eligible to receive what federal assistance?		
Having its performance measured in relation to whether objectives of the HRSA award program were met?	X	
Responsible for programmatic decision making?		
Responsible for adherence to requirements specified in the HRSA award?		
Using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of your organization?		

Concept Check-In: Scenario #2

Characteristic 4

<u>Subaward Characteristics</u>	<u>Yes</u>	<u>No</u>
Able to determine who is eligible to receive what federal assistance?	X	
Having its performance measured in relation to whether objectives of the HRSA award program were met?	X	
Responsible for programmatic decision making?	X	
Responsible for adherence to requirements specified in the HRSA award?	X	
Using the funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of your organization?	X	

This agreement most likely constitutes a subrecipient relationship.

Section II

Requirements for Pass-Through Entities: Required Information

Requirements for Pass-Through Entities: Required Information

- Subawards must be clearly defined and include required information.
- Subawards must include the best information available if any required information elements are not available at the time of award.
- Changes to required information must be included in subsequent subaward modifications.

Requirements for Pass-Through Entities: Required Information Checklist

Required Information	Yes	No
Federal Award Identification:		
• Subrecipient name.		
• Subrecipient's unique entity identifier.		
• Federal award identification number.		
• Date of federal award to you by HRSA.		
• Subaward period of performance start and end date.		
• Amount of federal funds obligated by this action by you to the subrecipient.		
• Total amount of federal funds obligated to the subrecipient by you including the current obligation.		
• Total amount of the federal award committed to the subrecipient by you.		
• Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).		
• Name of HHS awarding agency [HRSA], name of your organization, and contract information for your organization's awarding official.		
• CFDA number and name; you must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement.		
• Identification of whether the award is Research & Development.		
• Indirect cost rate for the federal award (including if the de minimis rate is charged).		
All requirements imposed on the subrecipient by you so that the federal award is used in accordance with federal requirements.		
Any additional requirements that you impose on the subrecipient in order for you to meet your own responsibility to HRSA including identification of any required financial and performance reports.		
An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the you and the subrecipient (in compliance with federal regulations), or a de minimis indirect cost rate.		
A requirement that the subrecipient permit you and auditors to have access to the subrecipient's records and financial statements as necessary for you to meet federal award requirements.		
Appropriate terms and conditions concerning closeout of the subaward.		

Requirements for Pass-Through Entities:

Required Information Concept Check-In

- What are three dates that are required to be included in each subaward?
- What access must subrecipients be required to provide, both to the pass-through entity and auditors?
- What must the pass-through entity do if the subaward's required information changes?

Requirements for Pass-Through Entities: Required Information Concept Check-In

- What are three dates that are required to be included in each subaward?
 - The date of the federal award to the pass-through entity by HRSA
 - The subaward period of performance start date
 - The subaward period of performance end date
- What access must subrecipients be required to provide, both to the pass-through entity and auditors?
 - Access to the subrecipient's records and financial statements, as necessary, in order for the pass-through entity to meet HRSA award requirements.
- What must the pass-through entity do if the subaward's required information changes?
 - Include the changes in subsequent subaward modifications.

Section III

Requirements for Pass-Through Entities: Assessment of Risk

Assessment of Risk

- **Must evaluate each subrecipient's risk of noncompliance with award requirements**
- **Evaluation may include factors such as the subrecipient's:**
 - Prior experience
 - Audit results
 - New personnel
 - New or substantially changed systems
 - Monitoring by federal agencies

Assessment of Risk

Conditions

- **Must consider imposing specific subaward conditions, if *appropriate*.**
- **Assessment of applicable “appropriate circumstances” must be completed.**
- **Subrecipients must be notified of conditions.**
- **Conditions must be removed promptly once corrective actions are finalized and accepted.**

Assessment of Risk

Additional Monitoring

- **Additional planned monitoring activities should be considered for subrecipients with higher risk of noncompliance**
- **Useful monitoring tools might include:**
 - Training
 - Technical Assistance
 - On-Site Reviews

Assessment of Risk

Concept Check in

True or False?

- “Each subrecipient’s risk of noncompliance with HRSA award requirements should be assessed.”
- A subrecipient’s staffing, audit results, or prior experience with similar subawards are all examples of factors that might be considered in a pass-through entity’s subaward risk evaluation.
- A history of subrecipient audit findings related to charging unallowable costs to other, unrelated federal awards might be an appropriate circumstance to impose subaward conditions.
- Technical assistance is not considered a subrecipient monitoring plan tool.

Assessment of Risk

Concept Check in (Cont.)

True or False?

- “Each subrecipient’s risk of noncompliance with HRSA award requirements should be assessed.”
 - **FALSE**. Each subrecipient’s risk of noncompliance **must** be assessed. "Must" in 45 CFR 75 signals a requirement.
- A subrecipient’s staffing, audit results, or prior experience with similar subawards are all examples of factors that might be considered in a pass-through entity’s subaward risk evaluation.
 - **TRUE**. These, along with other factors such as substantially changed systems or federal agency monitoring, are all items that could be included in the evaluation.

Assessment of Risk

Concept Check in (Cont.)

True or False?

- A history of subrecipient audit findings related to charging unallowable costs to other, unrelated federal awards might be an appropriate circumstance to impose subaward conditions.
 - **TRUE**. Appropriate circumstances may include a history of failure to comply with federal award requirements, failure to meet performance goals, other criteria, or when a subrecipient is not otherwise responsible.
- Technical assistance is not considered a subrecipient monitoring plan tool.
 - **FALSE**. Technical assistance, training, and site visits are all options to consider when planning additional monitoring tools.

Requirements for Pass-Through Entities: Subrecipient Monitoring

Subrecipient Monitoring

- **Must monitor subrecipient activities to ensure subaward:**
 - **Use** for authorized purposes
 - **Compliance** with requirements
 - **Performance** goal achievement
- **Monitoring must include:**
 - Reviewing required **financial and performance reports**
 - Ensuring deficiency **corrective actions**
 - Issuing a management **decision for audit findings** pertaining to the HRSA award

Subrecipient Monitoring for Noncompliance

- **Must consider enforcement action against noncompliant subrecipients**
- **Potential enforcement actions include:**
 - Temporary payment withholding
 - Disallowance of noncompliant (unallowable) cost
 - Award suspension or termination
 - Recommendation of suspension or debarment to HHS
 - Withhold further awards
 - Other legal remedies

Subrecipient Monitoring

Concept Check In

- What are 3 things must a pass-through entity monitor over a subaward's activities?
- What are 3 things must a pass-through entity include in its monitoring of a subaward?

Subrecipient Monitoring

Concept Check In

- **What 3 things must a pass-through entity monitor over a subaward's activities?**
 - Use
 - Compliance
 - Performance
- **What 3 things must a pass-through entity include in its monitoring of a subaward?**
 - Review financial and performance reports
 - Follow up on deficiencies and corrective actions
 - Issue decisions on applicable audit finding

Section V

Wrap Up

Additional Requirements

Additional Subaward Requirements:

- Must verify that applicable subrecipients received **audits**
- Must consider whether subrecipient audits, reviews, or other monitoring findings necessitate pass-through entity record **adjustments**
- Must ensure compliance with **Federal Funding Accountability and Transparency Act (FFATA)**

Requirements for Pass-Through Entities Checklist

<u>Requirements for Pass-Through Entities</u>	<u>Yes</u>	<u>No</u>
Every subaward must be clearly identified to the subrecipient as a subaward and include required information.		
If the subaward's required information changes, changes must be included in subsequent subaward modification.		
If some of the subaward's required information is not available, the best information available to describe the federal award and subaward must be provided.		
Each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward must be evaluated for purposes of determining the appropriate subrecipient monitoring.		
Imposing specific subaward conditions upon a subrecipient must be considered, if appropriate.		
The activities of the subrecipient must be monitored as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal requirements, and that subaward performance goals are achieved.		
Every subrecipient required to receive a single audit must be verified to confirm that the subrecipient is audited.		
The results of the subrecipient's audits, on-site reviews, or other monitoring must be considered as to whether conditions necessitate adjustments to the pass-through entity's own records.		
Enforcement action must be considered against noncompliant subrecipients as described in federal requirements and in program regulations.		
Each applicable subaward must comply with the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.		

Additional Resources

Other Federal Tools and Resources:

- Manage Your Grant webpage:
<https://www.hrsa.gov/grants/manage/index.html>
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.ecfr.gov/>
- HHS Grants Policy Statement:
<https://www.hrsa.gov/grants/hhsgrantspolicy.pdf>
- Individual grant Notice of Award (NoA)

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