Monitoring: AEFLA State Agencies and Local Program Providers

Tips for State Administrators

Monitoring and Administration Team
Division of Adult Education and Literacy
US Department of Education
Introductions

• Name and Agency
• How many AEFLA subrecipients do you have?
• What types of subrecipients do you have?
Agenda

1) Terms You Should Know
2) Uniform Guidance 2 CFR Part 200
3) Monitoring:
   – Planning and pre-award phase
   – During-the-award monitoring phase
Learning Objectives

• Understand the requirements of a State agency to monitor subrecipients
• Understand the technical assistance, financial, and management oversight process
• Understand the subrecipient risk assessment
• Understand the audit and monitoring requirements in Uniform Guidance
Monitoring and Uniform Guidance: Terms to Know
Monitoring Terms to Know

- AEFLA = Adult Education and Family Literacy Act
- CFR = Code of Federal Regulations
  - UG – Uniform Guidance - 2 CFR Part 200
- EDGAR = Education Department General Administration Regulations
- OMB = Office of Management and Budget
Uniform Guidance Terms to Know

• § 200.74 Pass-through entity

• § 200.92 Subaward

• § 200.93 Subrecipient
§ 200.74 Pass-through entity

• *Pass-through entity* means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

• Pass-through entity = eligible State agency
§ 200.92 Subaward

• *Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program.

• A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
§ 200.93 Subrecipient

• *Subrecipient* means a non-Federal entity that receives a subaward 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 subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

• Subrecipient = Local Provider
§ 200.328 Monitoring and reporting program performance

(a) Monitoring by the non-Federal entity.

• The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.
Polling Question

• What is the difference between Monitoring and an Audit?

• A. There is no difference.
• B. Audits are conducted by public accountants and Monitoring is not.
• C. An Audit is determined by prime award recipients
## Audit v. Monitoring Visit

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<thead>
<tr>
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<th>Audit</th>
<th>Monitoring Visit</th>
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<tbody>
<tr>
<td><strong>Staffing</strong></td>
<td>Public Accountant or Government Accounting Agency</td>
<td>Designated program &amp; admin. staff or third parties</td>
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<tr>
<td><strong>Purpose</strong></td>
<td>Assess/Report</td>
<td>Assess/Advise/Assist</td>
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<tr>
<td><strong>Conduct</strong></td>
<td>IAW generally accepted government auditing standards (GAGAS)</td>
<td>IAW program guidance and locally developed requirements</td>
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<tr>
<td><strong>Scope</strong></td>
<td>Entirety of auditee’s operations that administer Federal funds</td>
<td>As determined by prime award recipients</td>
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<tr>
<td><strong>Complexity/Time</strong></td>
<td>Extensive – weeks - months</td>
<td>As needed – days/week</td>
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<td><strong>Exit Report</strong></td>
<td>Formal report with GAGAS specified structure by prime award recipients</td>
<td>As determined</td>
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Federal Requirements
Single Audit Act

- Ensure grantees receiving >$750k submit a single audit report
- Grantees must:
  - Monitor subrecipients through site visits, limited scope audits, or other means.
  - Review subrecipient audits as necessary to determine whether prompt and appropriate corrective actions have been taken.
  - Require subrecipients to make records and financial statements available to independent auditors.
Polling Question

• What is the Monitoring?

• (Note – please format for Word Cloud)
Why Monitor

• To assess grantee compliance with laws and regulations

• To provide technical assistance and to identify areas where additional technical assistance may be helpful
What is Monitoring?

• More than on-site visits
• Occurs throughout the life of the grant
• Also includes:
  – Pre-award review
  – During-the-award monitoring (e.g., onsite, desk)
  – TA and corrective action
• Ongoing process
• Goals
  – improved program performance
  – stewardship of funds
PHASE 1 PLANNING AND PRE-AWARD
State Plans and Competitions

- State Plan
- Subrecipient application and budget
- Required signatures
- Identification of appropriate contacts
- Other documentation as appropriate
§ 200.331 Requirements for pass-through entities

- Identify Federal awards to subrecipients
- Evaluate risk
- Consider imposing specific conditions, if needed
- Consider monitoring tools to use based on level of risk
- Verify audits
- Consider Agency records adjustment
- Consider enforcement action if noncompliance
Good Monitoring Planning: How to Get There and Continue to Improve

• AEFLA Monitoring and Evaluation Requirements
  – State Plan
    • Establishes how the State will annually evaluate the effectiveness of the adult education and literacy activities
    • Annual Narrative Report - Describes any significant findings from the State’s evaluation of the adult education and literacy activities based on the core indicators of performance
Good Monitoring Planning: How to Get There and Continue to Improve

• Review and Revise Your Monitoring Plan
  – What makes up a monitoring plan?
    • Written set of policies and procedures that guide monitoring activities, including follow up on corrective actions
    • Monitoring schedule
    • Monitoring protocol
    • Risk assessment, i.e., what factors determine the frequency of monitoring subrecipients and programs?
Good Monitoring Planning: How to Get There and Continue to Improve (cont.)

- Revising Program Monitoring Protocols or Other Review Tools
  - Review current laws and regulations to ensure protocols cover all applicable program requirements
  - Set forth requirements in plain language, cite to relevant law or regulation
  - Identify method of verification and required documentation
  - Identify cross-cutting monitoring requirements (e.g., cash management)
Good Monitoring Planning: How to Get There and Continue to Improve (cont.)

• Perform a Resource Assessment
  – Reconcile difference between need and availability of resources
  – Adjust monitoring schedule based on identified risks and available resources
  – Schedule technical assistance based on identified risks
PRE-AWARD

• Monitoring begins *before* the State agency makes an award to a provider

  – **Key Regulatory Reference** - Each State shall have procedures for reviewing and approving *applications and amendments* for subgrants, providing technical assistance, evaluating projects, and performing other administrative responsibilities that are necessary to ensure *compliance with applicable statutes and regulations*. (EDGAR Sec. 76.770)
PRE-AWARD

• AEFLA Specifics
  – Local Provisions – Sec. 231-233
    • Required local activities (defined as adult education and literacy services)
    • Local application (describing how funds will be used, any cooperative arrangements for delivery of services)
    • Local administrative cost limit
  – Definitions – Sec. 203
    • Especially “adult education,” adult education and literacy activities,” and “literacy”
PRE-AWARD

• **Key Resources for Reviewing Application Budgets**
  – Key concepts from the cost principles
    • Necessary and reasonable
    • Allocable
    • Allowable
  – See selected items in Cost Appendices

• **AEFLA Supplement Not Supplant Provision (Sec. 241(a))**
  – Is this included in your agency’s award terms and conditions?
Monitoring Procedures:

• Are there general State agency resources or guidelines you must follow?

• How do you apply those when reviewing AEFLA applications?

• How do you follow-up when you identify “problems”? (Balancing compliance and technical assistance)
  – Are there risks based on review of application? Do you consider those in preparing your post-award monitoring plan?
Risk Analysis

• Risk Indicators
  – Identify appropriate risk indicators, and assign each a value or weight

• Risk Assessment
  – Evaluate and rank subrecipients and programs based on relative risk

• Resource Assessment
  – Identify available monitoring resources and staff – weigh against monitoring needs

• Monitoring Plan
  – Adjust monitoring plan, including monitoring activities and schedule based on risk and resource assessments
Risk Indicators: Examples

• Size of subrecipient’s Federal award portfolio
• Prior findings: single audits, federal program monitoring, grantee monitoring
• Program performance
• Student performance
• Change in program scope or activities
• Financial stability
• New management information system
• Stakeholder complaints
• State or local teacher requirements
• Type of entity
• Distance from grantee
Identifying Risk: Review Audit Reports

• Federal Audit Clearinghouse for State single audits (aka Harvester)

• Entities that do not require a State single audit
  – Consider requesting completion of an audit questionnaire
  – Ask for a copy of the most recent financial statements of the organization
Reliability

• Past performance of a subrecipient and financial reliability is a factor to review when issuing the subaward
  – For new subawardees with no prior history, additional monitoring may be required.

• Verify with federal databases to ensure subrecipient is not debarred, suspended, or a specially designated national
Responses to Risk

• Corrective Action Plan
• Discuss need for special monitoring with program personnel
• Require on-site monitoring (technical and financial)
• Ask for extra contact between program leads
• Ask for more frequent reporting
• Add more detailed or frequent invoicing requirements
• Add requirement for expenditure backup materials
• Tie receipt of reports to payments
• Develop specific terms and conditions in subaward agreement
PHASE 2 AWARD
During-the-Award Monitoring

- Program progress
- Award modifications occur as needed
- Subrecipient is submitting acceptable invoices on time
- Required prior approvals are obtained
- Annual review of audit status or fulfillment of corrective action plan is satisfactory
Polling Question

Which of these activities do you do in monitoring your local providers?

A. Desk Monitoring
B. Site Visits
C. Regular Contact
D. All of the Above
Monitoring Activities

Normally occur throughout the subaward period

- Desk Monitoring
- Site Visits
- Regular Contact
Desk Monitoring

• Review performance reports
• Review financial reports
• Conduct regular phone calls with subrecipients
• Provide ongoing feedback to the subrecipients
Site Visits

• Project team visits site of the subrecipient
• Best when programmatic and administrative/financial team can go together
• Program team reviews progress, facilities, program-specific activities
• Administrative/financial team looks at systems, tests a small number of transactions
• Challenges: language, cost, limited experience of past reviews
Monitoring: Performance

Establish local performance targets that:

• Support continuous improvement.

• Establish target levels that set high expectations for local programs.

• Move providers performing in the lowest quartile of performance toward the national average.
Monitoring Performance

Good Practices

• Issue a written report that requires a response from the provider within a specified timeframe
• Establish a “monitorable” corrective action plan (CAP) that remedies compliance issues
• Keep all documentation relating to the CAP to demonstrate appropriate follow-up
• Ascertain that all issues have been corrected
• Formally close the CAP with a letter to the provider
• Add the corrected items to the next monitoring visit to ensure sustained compliance
• Identify opportunities for technical assistance and follow through
Monitoring Performance

• Points to Consider:
  – Establish a consistent schedule for performance review
  – Establish milestones throughout the year to gauge local progress
  – Understand the historical enrollment/completion patterns
  – Intervene early rather than late when it is clear local programs aren’t hitting their marks
  – Identify any initiative that could have an impact on performance
Three Approaches for Establishing Local Performance Standards

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<tr>
<th>Individual Program Improvement:</th>
<th>Relative Ranking and Averaging</th>
<th>External Criteria</th>
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<tbody>
<tr>
<td>• Past performance on the measure is the standard for future performance. This is usually used to establish individual program performance levels and recognizes individual differences in local programs. Can also be used to establish state-level performance levels.</td>
<td>• All programs are ranked from highest to lowest on each performance measure. The average is the standard. Common method for establishing state performance standards.</td>
<td>• Performance levels are established without consideration of past performance to meet policy goals.</td>
</tr>
<tr>
<td>• <strong>Works Best</strong> - when there is a high variation between programs on performance levels. Harder to manage because each program could have a different standard for each measure.</td>
<td>• <strong>Con</strong> - the standard established may be too high for low performing programs. Can also result in an unacceptable low performance, especially if majority of programs in a state are low performers.</td>
<td>• <strong>Works Best</strong> - promotes state policy on achieving long-term goals.</td>
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<td>• <strong>Con</strong> - ignores individual differences among providers and can result in unintended consequences especially for low performing programs.</td>
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Reviewing Financial Reports

• Ensure invoices are submitted in accordance with subaward requirements
• Ensure that duplicate costs or invoices have not been submitted
• Ensure invoices only contain expenses that are:
  – Allowable
  – Allocable
  – Reasonable
• Verify costs are incurred within the period of performance
• Ensure expenses are aligned with progress
Potential Indicators of High-Risk

- Program complexity
- Percentage of award passed-through
- Dollar value of the award
- History of non-compliance
- New personnel or systems
- Subrecipient has audit findings
- Time and effort reporting
- Matching
- Late reports
- Property and equipment inventories
Corrective Action Plans

• Subrecipient submits plan for correcting monitoring findings or audit deficiencies to the pass-through entity, with specific activities and due dates
• Pass-through entity reviews adequacy of their proposed plan
• Subrecipient conforms with steps listed in the corrective action plan
• Pass-through entity monitors subrecipient’s progress to ensure full compliance with steps and dates
• Pass-through entity takes appropriate follow-up action (including sanctions) in cases of inability or unwillingness to come into compliance
Recap: Monitoring Compliance and Performance

• The Big Picture:
  – Monitor
    • Follow State Plan
    • Review compliance requirements
  – Identify
    • Document notification to the provider of an issue and required action
    • Provide technical assistance to correct the problem
  – Follow up
    • Verify appropriate corrective action completed
    • Close the Issue
QUESTIONS???
For Technical Assistance
Contact your Area Coordinator:

MAT Team Leader – Karla Ver Bryck Block karla.verbryckblock@ed.gov

Area I - Chuenee Boston chuenee.boston@ed.gov
Area II - Stephanie Washington stephanie.washington@ed.gov
Area III - Zina Watkins zina.watkins@ed.gov
Area IV - Sharon Harrington sharon.harrington@ed.gov
Area V - Rebecca J. Moak rebecca.moak@ed.gov

Kenneth Kalman (kenneth.kalman@ed.gov), Management and Program Analyst