



STATE ADMINISTRATIVE AGENT (SAA) MONITORING PROTOCOL

FY 2018

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Chapter 1 PURPOSE

As the State Administrative Agent (SAA), the District of Columbia's Homeland Security and Emergency Management Agency (HSEMA) is responsible for managing day-to-day operations of grant and subrecipient activities and ensuring that all fiscal, compliance and programmatic responsibilities are fulfilled. Recipients of U.S. Department of Homeland Security's Federal Emergency Management Agency (DHS/FEMA) Homeland Security Grant Program (HSGP) funds will be monitored in order to:

1. Track the progress of agencies on subawards and capability development
2. Track the support that the SAA is providing to local and state agencies for implementation of their subawards
3. Ensure that subrecipients understand the federal award management requirements from 2CFR200 as well as DHS/FEMA terms and conditions and SAA special conditions; also to determine if subrecipients are compliant with these subaward management requirements..

Monitoring will provide a comprehensive picture of how preparedness and response capabilities are increasing state, and region-wide and will also allow the SAA to ensure that it is providing its resources and support to local and state agencies in an efficient and effective manner.

HSEMA's monitoring protocol encompasses:

Award (financial) monitoring: Requires the SAA to assess subrecipients general use of award funds and compliance with 2CFR200, FEMA/DHS guidelines and SAA requirements for use of federal grant funds provided to local and state agencies by the SAA.

Programmatic monitoring: Requires the SAA to assess how SAA awarded funds are being utilized to enhance preparedness and response capabilities on a local level within the state. This includes management and governance, progress on deliverables, and the effectiveness of the program.

Monitoring will be completed by two methods: office-based monitoring and on-site monitoring. The SAA will develop an Annual Monitoring Plan that is created via the SAA's Risk-Based Monitoring Strategy. Monitoring will assist in identifying areas where a local or state agency requires continued support, and will also provide feedback to the SAA that can be used to improve our services. Prior to completing any monitoring effort, it is important to review other recent monitoring activities, including award closeout progress, the type of award, and the awards database.

Chapter 2 COMPLIANCE WITH 2 CFR 200

HSEMA, as SAA for FEMA grant funds, is a pass-through entity as defined by 2 CFR §200.74, and is required to monitor subrecipients in a manner compliant with 2 CFR §200.331(b)-(h). HSEMA meets these requirements for awards managed by the HSEMA Grants Division by:

1. Reviewing all requests for reimbursement to ensure that costs are fully documented, allowable, and within the approved scope and budget of the subaward
2. Reviewing quarterly reports for all active subawards and identify any potential issues based on progress of deliverables or spending. Any significant issues are flagged and a corrective action is required.
3. Performing on-site monitoring visits of a portion of all active subrecipients each fiscal year. Selection of subrecipients for monitoring is based on factors such as:
 - a. Total dollar amount of subawards
 - b. Number of subawards
 - c. Prior audit findings
 - d. Prior monitoring visit findings
 - e. Unspent balances of awards
 - f. Overall performance in compliance with SAA requirements

If problems are identified during the monitoring process, the SAA will require the subrecipient to provide a corrective action.

4. Reviewing subrecipient single audit reports annually and notifying subrecipients of findings that need to be addressed
5. Reviewing corrective actions for monitoring or audit findings and determining if they are sufficient, and if those corrective actions have been successfully implemented
6. Incorporating any specific subaward conditions into the award package (subaward letter, project management plan) as necessary, including based on the results of the monitoring process.

Chapter 3 RISK-BASED MONITORING STRATEGY

The SAA will employ a risk-based monitoring strategy to determine the SAA's annual monitoring plan, in compliance with 2 CFR §200.331 Requirements for pass-through entities. Each subrecipient will be ranked according to the following eight factors:

1. **Prior monitoring:** Has the subrecipient received prior monitoring site visits, and if so, how long has it been since the last monitoring site visit?
2. **Spending performance:** Was any balance returned to the SAA on previous awards?
3. **Number of subawards:** How many subawards are currently awarded to the subrecipient?
4. **Average financial risk:** A project's financial risk is a numerical rating based on award size, balance remaining, and time elapsed on the period of performance.
5. **Audit/monitoring:** Any prior audit findings or monitoring corrective actions?
6. **Quarterly status review:** Number of flagged projects identified in the previous four quarterly sub-award reviews.
7. **Overall performance:** Subrecipient performance in the management of grant-funded projects and compliance with grant and subaward requirements.
8. **Grant program:** Are all grant programs represented in the monitoring list?
9. **Other risk factors:** Staff turnover; changes in policies, procedures or systems; new federal requirements; project-specific challenges; program management, performance and oversight; need for technical assistance.

Based on the aggregate ranking, the SAA staff will select a number of subrecipients that will receive an on-site monitoring visit during the fiscal year. All quarterly status reports (QSR), regardless of whether the subrecipient is selected for a monitoring visit, will be fully reviewed by the SAA program manager (PM).

Chapter 4 OFFICE-BASED MONITORING

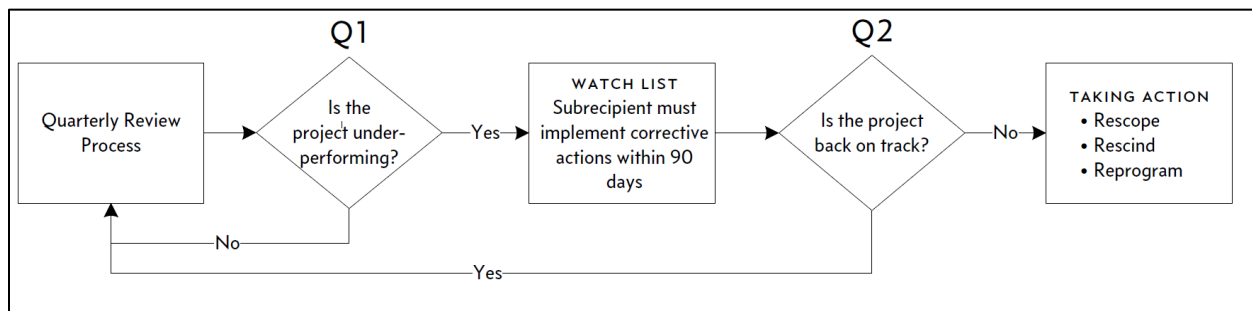
Office-based monitoring entails a full review of quarterly status reports for all subrecipients, to ensure that all documentation is complete and up-to-date, and that any apparent problems are addressed.

The SAA PM will determine that all progress reports submitted are current and cover the entire subaward program awarded to an agency. If progress reports are found to be inadequate, the SAA will advise the subrecipient during a telephone call or in an email. The SAA PM will review the latest quarterly status report for any issues that may put the project at risk, including implementation delays, change of scope, discrepancies with the Project Management Plan (PMP), National Capital Region Grant Management System (NCR|GMS) or Procurement Automated Support System (PASS), etc.

1. QUARTERLY SUBAWARD REVIEW`

In order to successfully execute grant-funded projects and fully expend the federal funds within the period of performance, the SAA is implementing a quarterly review process of all subawards. The purpose of this review is to:

1. Identify issues that may affect timely project implementation
2. Limit exposure to underperforming subawards
3. Identify and implement corrective actions to mitigate risk
4. Avoid returning unspent funds to FEMA



1.1. IDENTIFYING UNDER PERFORMING PROJECTS

The SAA staff will review all projects for the following:

1. **Deliverables:** Is the subrecipient making progress on the deliverables? Are they being completed on time?
2. **Spending:** Is the subrecipient spending according to plan and submitting reimbursement requests in a timely manner?

3. **Compliance:** Is the subrecipient compliant with SAA requirements (e.g. timely submission of signed awards and adjustments, Environmental and Historic Preservation (EHP) documentation, project plan and status reports)?
4. **Delays and other issues:** Are there any risks that threaten timely project completion?

1.2. WATCH LIST

Projects flagged as underperforming are placed on an HSEMA watch list, to be reviewed by the Senior Policy Group (SPG) and the Chief Administrative Officers Homeland Security Executive Committee (CAO HSEC).

1. The SAA will directly notify project points of contact.
2. The SAA reports the results of the review to members of the HSEC and authorizing officials through the quarterly project status memo. Other relevant parties may be included in the communication as needed (e.g. state program manager, ERS, etc.).
3. Subrecipients must identify and implement corrective actions, subject to SAA approval.
4. The SAA offers technical assistance on subaward management and administration.

1.3. TAKING ACTION

Projects that have been flagged as underperforming for two consecutive quarters will be reported to the HSEMA Director and as appropriate the NCR HSEC, and are subject to the following actions:

1. Re-scoping of the deliverables if part of the project can be implemented within the remaining time
2. Full/partial award rescission for projects that cannot spend all funds or be implemented within the allotted time

Rescinded funds are awarded to reprogramming projects that can be executed in the remaining period of performance. The HSEMA Director determines how any reprogrammed funds will be awarded based on the amount of funds and time remaining in the grant and the THIRA risk-based needs of the District and the National Capital Region.

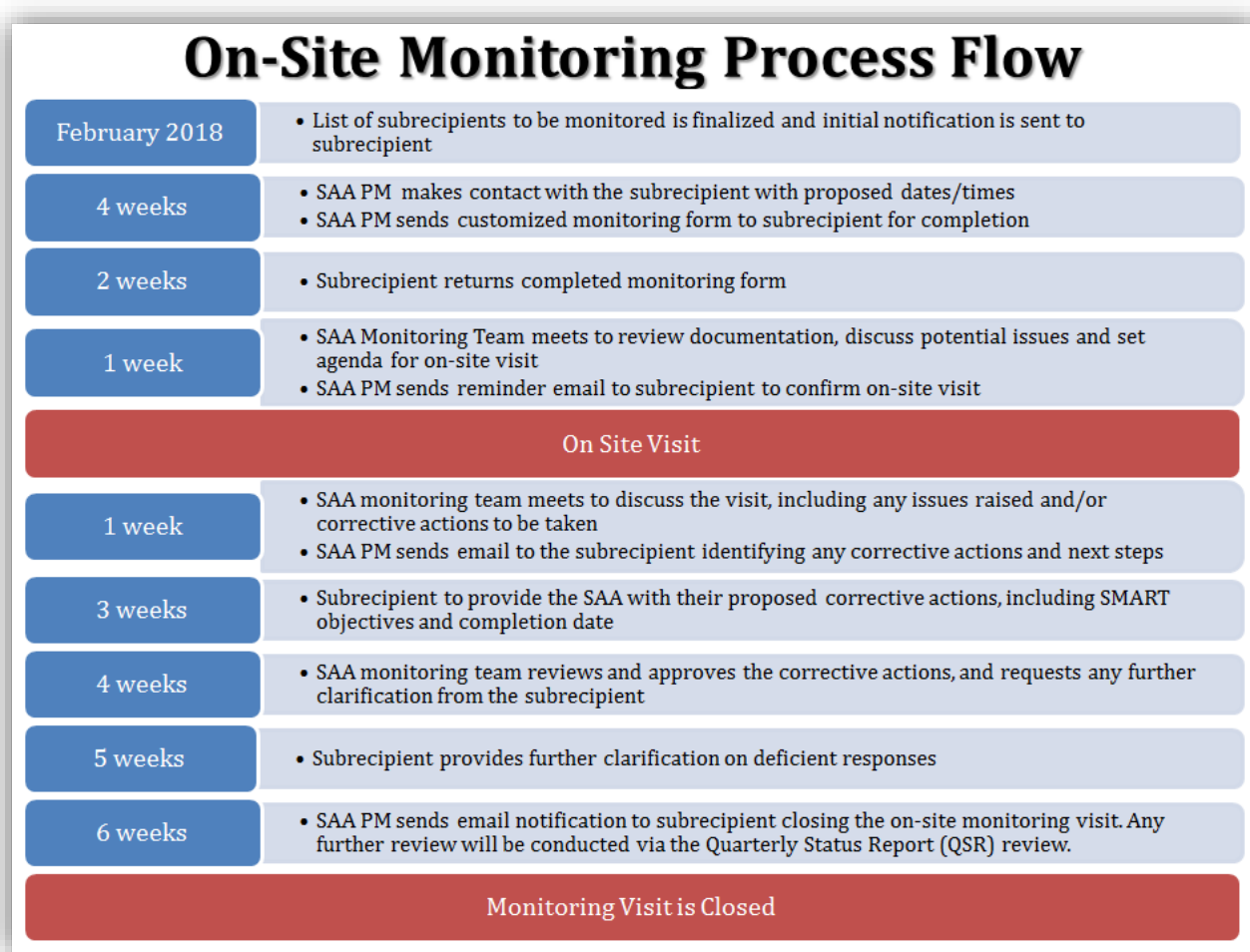
2. FOLLOW-UP

During the subsequent quarterly review, the SAA PM should ensure that the subrecipient has taken action to address the previously identified issues. If the issues persist, the SAA PM may forward them to the Grants Division Director for follow-up. The SAA should note these issues and what steps the subrecipient is taking to resolve them in the subrecipient award file in the I:\ drive.

Chapter 5 ON-SITE MONITORING

1. SUBRECIPIENT NOTIFICATION

Once the selection of subrecipients for on-site monitoring is finalized (typically in the first quarter of the fiscal year), the SAA site-visit team lead will notify these subrecipients by email (include by cc ncr.saa@dc.gov) that they will receive an on-site monitoring visit that year. The notification email (found in the [NCR.SAA One Drive folder](#)) may include the factors that led to the selection in the email.



2. PRE-VISIT PLANNING MEETING

All relevant parties shall attend the pre-visit planning meeting, scheduled for at least one week prior to the visit, including any PMs who manage subawards to the subrecipient, the designated financial manager (FM), the Deputy and the Division Director. The purpose of the meeting is to

define the scope of the visit, the focus areas that will be addressed during the visit, the reporting and documentation requirements, and the monitoring team assignments.

2.1 MONITORING TEAM

The monitoring team should be built to meet the needs of the visit, and should consist of at least two (2) SAA staff members. The team assignments for all site visits should be determined at the beginning of the monitoring cycle, to ensure the team members can set schedules accordingly and participate fully in all monitoring visit activities.

2.2 FOCUS AREAS

During the meeting, the planning team will review the factors that led to the selection of the subrecipient and define the scope of the visit accordingly.

Focus Area	Description
New subrecipient	SAA staff priority is to increase the subrecipient’s understanding of award management and award requirements, and ensure that policies and procedures are in place to ensure compliance.
Specific Subject Area	The monitoring team may focus on the program process of a portfolio to gain insights on work flows and deliverables expected.
Policies and procedures	The monitoring team will verify that the subrecipient’s policies and procedures comply with federal and grant requirements. In particular, the monitoring team may look at whether these documents have been updated to reflect the changes in the new 2 CFR 200.
Project management and progress	The monitoring team may delve into a specific project—how it is being managed and whether progress meets the original implementation schedule—or monitor an entire program (e.g. one of the regional ERS programs).
Financial management	This may include issues related to financial documentation requirements; documentation collection, review and submission to the SAA; internal controls to prevent duplicate or incorrect submissions and refunds; and, specifically for District agencies, issues related to System of Accounting and Reporting (SOAR), advance requests and journal transfers.
SAA grant management systems	If the subrecipient has exhibited repeated deficiencies in using NCR GMS or CGMS, or if the subrecipient is unfamiliar with the systems due to personnel turnover, the SAA may review the subrecipient’s relevant policies and practices and identify areas for improvement. The SAA may also offer technical assistance during the visit.

Procurement	The monitoring team may focus on the subrecipient's procurement work-flow, policies and documentation.
Equipment and inventory	If the subrecipient has recently purchased a sizable amount of equipment, or has had challenges in complying with the relevant rules and regulations on inventory management, the SAA may conduct a review of the subrecipient's inventory policy and perform an inspection of grant-funded assets.
Closeout	The monitoring team may focus on closeout, ensure that the subrecipient has complied with federal and grant requirements, has saved the appropriate documents in the subaward file, and has the appropriate record retention policies in place.

3. DOCUMENTATION REQUIREMENTS

The following documents may be requested by the SAA PM and should be provided with the initial completed monitoring form:

1. Procurement and Purchasing Policy
2. Sample of Procurement Records Associated with UASI/SHSP-Funded Projects
3. Sample Verification of Debarment and Suspension Status
4. Accounting and Financial Management of Grant Funds Policy
5. Indirect Rate Agreement
6. Financial Reports
7. A-133 Report
8. Sample of Personnel Activity Reports for Grant Funded Employees
9. Travel Policy
10. Prevention of Loss, Damage, or Theft of Property Policy
11. Property Maintenance Policy
12. Transferred Property Policy
13. Property Sales Procedures
14. Specific equipment to make available for inspection

4. SCOPE

With the scope of the visit defined, the monitoring team determines the:

1. Questions to be included in the monitoring form
2. List of documents the subrecipient is required to submit

3. Documentation or equipment the subrecipient shall make available for inspection during the visit

To the extent possible, the customized monitoring form should use questions from the base template. New questions should be added to the template as appropriate to make them available for reuse on visits with a similar focus, and to ensure consistency between such visits.

5. SCHEDULING

The SAA PM will contact the subrecipient by email ([email template](#) can be found in the NCR.SAA OneDrive) at least four weeks before the anticipated timeframe of the monitoring visit to determine the exact visit time and provide the subrecipient specific monitoring form. The visit may be conducted virtually, using WebEx, if travel is impractical or unnecessary.

Once the date/time is finalized, the SAA PM will prepare a calendar invitation in outlook to include the subrecipient, monitoring team members and ncr.saa@dc.gov.

No less than two weeks before the visit, the subrecipient will submit the completed form and requested documents to the SAA. No less than one week before the visit, the SAA will send the subrecipient a pre-visit email ([email template](#) can be found in the NCR.SAA OneDrive) as a reminder and confirm the SAA's arrival at the agreed upon location, date and time, or the virtual meeting information.

6. PRE-VISIT REVIEW OF RECORDS

The SAA monitoring visit team should conduct a pre-visit monitoring meeting at least one week prior to the visit to:

1. Review the documentation and responses submitted in the monitoring form
2. Review the project files for any new or outstanding programmatic, financial or compliance issues
3. Consult the quarterly status reports for any new or outstanding corrective actions
4. Discuss any other issues pertaining to the subrecipient or the focus area

The monitoring team drafts an agenda and identifies a member to lead each section.

7. SITE VISIT

The monitoring team travels to the project site or hosts the visit virtually via WebEx, as appropriate and previously agreed upon with the subrecipient. The monitoring team conducts the visit according to the agenda:

1. Introductions
2. Brief explanation of the purpose of the visit
3. Review of the monitoring form and documentation
4. Inspection of the equipment, if applicable

5. Feedback or comments from the subrecipient
6. Offer to provide technical assistance, as needed
7. Discussion of next steps
8. Conclusion

The assigned lead for a section of the visit should use the list of questions from the monitoring form as a guide to review the subrecipient's responses and drive the conversation. The monitoring team may drill down on a specific question, or bring up a topic not addressed in the monitoring form, but relevant to the focus area. An open-style discussion may be useful to encourage the exchange of information.

The monitoring team should take notes during the course of the visit on the subrecipient's responses and the documentation or equipment provided for inspection. In particular, the team should identify any instances of non-compliance, shortcomings and need for technical assistance.

8. POST-VISIT

No later than one week following the visit, the SAA monitoring visit team must meet to discuss the visit. The meeting should be in-person and must involve all members of the team that participated in the visit. If the Grants Division Assistant Director or one of the Bureau Chiefs did not participate in the visit, at least one must participate in the post-visit meeting.

During the post-visit meeting, the following actions must occur:

1. Ensure all notes and comments are put in the monitoring form
2. Review the monitoring visit file to ensure any documents or records that are relevant to the monitoring visit are labeled and saved in the monitoring file, including any items received during or after the visit
3. Review and discuss any issues raised during the visit that may require corrective actions and write the corrective action request. If there is disagreement on the nature of the corrective action needed, the issue must be elevated to the Grants Division Assistant Director for resolution.
4. The follow-up email communication ([email template](#) can be found in the NCR.SAA OneDrive) back to the subrecipient along with any request for corrective actions should be sent at the conclusion of the post-visit meeting, ensuring that all monitoring team members are included and a copy of the email is saved in the respective folder on the I:\ drive.

If the nature of the issues noted or corrective actions required for the monitoring visit have the potential to impact subawards managed by SAA staff members who did not participate in the monitoring visit, the team should notify those SAA staff members either prior to or as soon as possible after sending out the corrective actions request.

Subrecipients that are required to provide a corrective action must submit the proposed corrective action in writing within two weeks of receiving the request for a corrective action from the SAA.

Each corrective action should have a completion date and must be specific, measurable, realistic, and time-limited.

Within a week of receiving the subrecipient's response the SAA monitoring visit team must review and approve the corrective actions or ask the subrecipient to revise insufficient corrective actions ([email template](#) can be found in the NCR.SAA OneDrive).

9. CLOSEOUT AND FOLLOW-UP

The monitoring process for subrecipients that did not require a corrective action plan is concluded with the final email sent during the post-visit meeting. The monitoring process for subrecipients that require a corrective action plan will end when the SAA notifies the subrecipient that the corrective action plan presented is acceptable ([email template](#) can be found in the NCR.SAA OneDrive).

If a subrecipient does not provide an acceptable corrective action plan that is approved by the SAA, the noncompliant subrecipient issues will be evaluated as part of the quarterly review process, during a subsequent site visit, or an ad-hoc basis. It is imperative that the corrective actions are properly implemented and the issues identified are resolved.

Corrective actions not yet implemented will be considered open issues, noted in each quarterly subaward review, and may be brought to the attention of the Chief Administrative Officer of the locality.