

TITLE II FORMULA GRANT PROGRAM – SUBRECIPIENT MONITORING

	DIVISION OF CHILD AND FAMILY SERVICES Juvenile Justice Services STATEWIDE POLICY
SUBJECT:	Title II Formula Grant - Subrecipient Monitoring
POLICY NUMBER:	DCFS/JJ 100.19
EFFECTIVE DATE:	July 1, 2020
APPROVED BY:	Kathryn Roose, Deputy Administrator – Division of Child and Family Services
DATE:	July 1, 2020
SUPERSEDES:	None – New Policy
APPROVED BY:	Ross Armstrong, Administrator – Division of Child and Family Services
DATE:	July 1, 2020
REFERENCES:	Juvenile Justice Reform Act (JJRA) of 2018; Office of Juvenile Justice Delinquency Prevention (OJJDP) Title II Formula Grant Program; NRS 62B.600; State of Nevada Administrative Manual
ATTACHMENTS:	None

I. POLICY:

It is the policy of the Division of Child and Family Services (DCFS) Juvenile Services Programs Office to provide monitoring and oversight to subrecipient organizations selected to receive Title II Formula Grants Program (Title II) funding to support state and local delinquency prevention and intervention efforts and juvenile justice system improvements.

II. PURPOSE:

Provide guidance for Juvenile Services Programs Office staff to ensure all subrecipients comply with Federal program and grant requirements, are fiscally responsible, are providing quality services and achieving identified performance goals as outlined in their agreements.

III. DEFINITIONS:

- A. Disallowed Costs: A charge that the pass-through entity determines to be unallowable according to the federal and/or state regulations.
- B. Findings: An operational deficiency in internal controls, non-compliance with provisions of laws, regulations, contracts, Grant Subawards, or fraud, waste and abuse.

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- C. Grant Monitoring: Conducting desk reviews or on-site visits on a cyclical basis, technical assistance, and enforcement of instances of noncompliance.
- D. High-Risk Designation: A designation made by a DCFS staff member as a result of a subrecipients failure to comply with grant requirements, on site visits, desk audits, or corrective action plans.
- E. Questioned Costs: A questionable practice that results from a violation, or possible violation, of a statute, regulation, or the terms and conditions of a federal grant subaward. This may include a cost not supported by adequate documentation or appears unreasonable.
- F. Recommendations: Suggestions that are action oriented, well-supported, effective and provide a course of action that will correct an issue that has been identified.
- G. Subrecipient: 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.

IV. SUBRECIPIENT MONITORING

- A. DCFS Juvenile Services Programs Office staff will implement a monitoring plan inclusive of a risk assessment, monitoring frequency and record keeping including a copy of site visit results and all documents related to compliance.
- B. Juvenile Services Programs Office staff monitor subrecipients to ensure compliance with applicable regulations, laws and grant subaward provisions.
- C. Juvenile Services Programs Office staff will use monitoring reviews to provide technical assistance and trainings for subrecipients to enable them to maintain funding and follow the applicable rules and regulations.
- D. Subrecipient monitoring will include evaluation of the following:
 - 1. Organization operations.
 - 2. Internal and management controls.
 - 3. Policies and procedures.
 - 4. Financial reports.
 - 5. Grant subaward-related activities and expenditures.
 - 6. Reviewing financial and performance reports submitted by the subrecipient.
 - 7. Ensuring proper follow-up and subrecipient compliance with required action to address deficiencies; found through audits, onsite reviews, and other means.
 - 8. Issuing a management decision for audit findings pertaining to the award.

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- E. Subrecipients are monitored by Juvenile Services Programs Office staff for the entire duration of the Grant Subaward.
- F. Monitoring efforts focus on the identified areas of most significant risk.
- G. All findings are addressed through appropriate corrective action plans to ensure compliance.
- H. Ongoing financial and administrative training and technical assistance is provided to subrecipients to enable them to comply with grant subaward requirements to maintain funding.
- I. DCFS will use the following methods to monitor Subrecipient risk and compliance:
 - 1. Day-to-Day Communication: Grants staff will maintain ongoing communication with subrecipients to provide programmatic guidance and review reimbursement requests.
 - 2. Limited Desk Review: DCFS will utilize this method to allow the subrecipients to make certain assertions regarding various aspects of their operations and provide DCFS Grants staff an opportunity to verify the allowability of expenditures charged to the grant subaward to include payment reviews of invoices and other documents supporting a reimbursement claimed by and made to the subrecipient, reviews to verify equipment purchases and test equipment management practices, progress and review of any follow up corrective action, if required.
 - 3. Extended Desk Review: This includes a review of the financial and program reports submitted by the subrecipient on a quarterly and/or monthly basis to determine fiscal and administrative compliance. Questions and concerns identified by DCFS Grants staff may result in requests for additional information, corrections on program or financial reports, or the exclusion of items not reflected in the approved budget or prompt the need for an extended review. Extended reviews will be used to test the subrecipients internal controls to ensure proper management of the grant subaward, including it accounting, procurement, contracting, and equipment management practices and procedures; verify federal and state expenditures are allowable and allocable to the grant subaward and have been allocated properly to the appropriate cost category during the subaward period; and the expenditure are supported with the appropriate documentation.
 - 4. On-Site Review: DCFS Grants staff will conduct financial and program on-site reviews of subrecipient's overall implementation of the program, adherence to program guidelines, achievement of Grant Subaward goals and objectives, and to identify issues and provide technical assistance as needed.
 - 5. Review of Independent Audit Reports: Juvenile Services Programs Office staff will obtain and review all independent audit reports during their review process.

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6. Technical Assistance Support: Juvenile Services Programs Office staff will ensure subrecipients are educated on the Grant subaward requirements and high-risk problem areas are identified, tracked through the monitoring process, and serve as the basis to formulate technical assistance and training for subrecipients.

V. SUBRECIPIENT MONITORING PLAN

- A. To determine the appropriate level of monitoring, : Juvenile Services Programs Office staff evaluate each subrecipient's risk of non-compliance with Federal statutes, regulations and terms and conditions of the subaward.
- B. The methods of monitoring may vary; some of the factors considered in determining the nature, timing, and extent of monitoring are as follows:
 1. Subrecipient's prior experience with the same or similar subawards.
 2. Results of previous audits.
 3. Evidence of substantially changed systems or new personnel.
 4. Extent and results of Federal awarding agency monitoring.
- C. The Risk Assessment Tool is used to determine the monitoring approach for a subrecipient. Generally, a subrecipient lacking experience in implementing Federal awards or with implementing similar subawards may require closer monitoring.
- D. Closer monitoring may be appropriate based on results noted during previous monitoring or previous subrecipient audits, (e.g., the subrecipient has a history of non-compliance as either a recipient or subrecipient, new personnel, or new or substantially changed systems).
- E. Subrecipients implementing programs with complex compliance requirements may be at a higher risk for non-compliance.
- F. Awards in excess of \$100,000 may give rise to the need for a careful and deliberate approach to subrecipient monitoring as larger dollar awards pose an increased measure of risk.
- G. Subrecipients will be designated low, medium, or high risk and will have increased depth of monitoring based on the established risk.
- H. All subrecipients shall have a monitoring schedule based on risk levels and whether the subrecipient is new to Formula Grant Funds.
 1. Regardless of risk level, new subrecipients must have an onsite review within their first year.
 2. For subrecipients designated as Low Risk, communication shall include day-to-day communication, limited desk reviews and an onsite review once every three years.

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3. For subrecipients designated as Medium Risk, communication shall include increased frequency of day-to-day communication, limited desk reviews, extended desk reviews, on-site reviews, reviews of independent audit reports and the formulated of additional targeted technical assistance.
 4. For subrecipients designated as High Risk, these agencies will receive the highest frequency of communication, reviews, oversight and targeted technical assistance to ensure compliance with reporting procedures.
- I. If circumstances occur outside of the control of DCFS that include but are not limited to staff turnover or scheduling issues, that result in a site review not occurring, DCFS management will review the subrecipient monitoring schedule to determine which agencies will be reviewed based on previous evaluations conducted via the Risk Assessment Tool.
 1. High-risk agencies will be monitored with priority, while medium and low risk agencies might be subjected to a more limited review as determined by the Risk Assessment Tool and available resources.
 - J. All subrecipients must have an onsite review a minimum of once every three years; however, higher levels of risk subject subrecipients to more frequent communication and increased desk and on-site review frequency.

VI. ON SITE REVIEW

- A. Staff may conduct on site visits to subrecipients to review and inventory financial management and programmatic systems and procedures. A staff person shall schedule site visits with subrecipients during or after the grant project period for monitoring compliance issues at the program level, and to verify the proper usage of grant funding based on the program objective
- B. Subrecipients shall be notified via email or telephone of an impending site visit at least 30 calendar days in advance of the scheduled visit. The visit shall take place within the administrative offices of the subrecipient.
- C. Site visits shall focus on both programmatic and financial management systems or may be modified to address a specific situation.
- D. Staff shall review the following information at any scheduled site visit:
 1. Civil Rights - OJJDP requires that all subrecipients of Formula Funds follow Federal Civil Rights which prohibits discrimination against anyone with disabilities or those who are limited English proficient. Refer to Civil Rights Methods of Administration (DCFS 2.1011).
 2. Financial Management – The subrecipient shall have accurate documentation of how their financial system operates.

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3. Programmatic Management - The subrecipient shall have accurate documentation of how their programmatic system operates.
- E. DCFS shall send a follow up letter or email to the subrecipient with a summary of the site visit.

VII. DESK REVIEWS

- A. DCFS staff may review grant projects through an analysis of information in program files through a desk review. Supporting documentation for expenditures and other programmatic activities attributed to grant funded activities may be requested.
- B. Subrecipients shall be notified via email or telephone of the scheduled desk review and shall have 30 days to provide requested materials.
- C. Desk reviews shall focus on both programmatic and financial management systems or may be modified to address a specific situation.
- F. DCFS shall review the following information at any scheduled site visit:
1. Civil Rights - OJJDP requires that all subrecipients of Formula Funds follow Federal Civil Rights which prohibits discrimination against anyone with disabilities or those who are limited English proficient. Refer to Civil Rights Methods of Administration (DCFS 2.1011).
 2. Financial Management – The subrecipient shall have accurate documentation of how their financial system operates.
 3. Programmatic Management - The subrecipient shall have accurate documentation of how their programmatic system operates.
- D. DCFS staff shall review all materials provided.
- E. DCFS staff shall send a follow up letter or email to the subrecipient with a summary of the desk review.

VIII. CORRECTIVE ACTION

- A. Subrecipients found to be out of compliance with any aspect of Title II Formula Grant requirements shall be required to submit a corrective action plan with 15 days of the notification of noncompliance.
- B. A corrective action plan may be submitted to the DCFS staff in any format the recipient chooses. The Plan shall address all areas of deficiency and provide a timeline or compliance, not to exceed a six (6) month time period.

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- C. The corrective action plan shall be reviewed and approved by the Social Services Chief of the Juvenile Justice Programs Office.
- D. Upon approval, subrecipients shall have six (6) months to complete the requirements of the corrective action plan.
- E. DCFS staff shall monitor the progress of corrective action plans and may conduct a follow up on site visit or desk review to ensure areas have been corrected.
- F. Problem areas not corrected within the timeframe may result in a designation high-risk, as addressed in Section X of this policy, or may result in the withholding of additional grant funds owed. DCFS staff shall determine the result of non-compliance with corrective action plans on a case by case basis.

IX. FAILURE TO COMPLY and DESIGNATION OF HIGH-RISK

- A. Failure to comply with applicable Federal laws or the terms and conditions of the subaward, after the required corrections are identified, a subrecipient may be designated as high-risk.
- B. Failure to comply with grant requirements may subject the Subrecipient to special conditions of future funding opportunities by a designation of high-risk.
- C. In cases of continued inability or unwillingness of a subrecipient to have the required reviews conducted, they shall be designated as high-risk. DCFS may impose additional conditions or employ other remedies for noncompliance as set out in the Part 200 Uniform Requirements, including those under the "Remedies for Noncompliance" section of Subpart D—Post Federal Award Requirements.
- D. DCFS staff shall have back-up documentation of any designation of high-risk, which can be made available, upon request, to the subrecipient, the JJOC, or the Division Administrator.
- E. Subrecipients shall be notified of a high-risk designation via formal letter. The reason for the high-risk designation shall be identified.
- F. Designation of high-risk results on the following actions, as identified in the formal letter:
 - 1. Funding may be suspended until corrections are completed.
 - 2. Ineligibility for additional grant funds until such time as the subrecipient can assure problem areas are corrected.
 - 3. Requirement to pay back some part or an entire reimbursement.
- G. If the Subrecipient does not agree with the DCFS' finding, they have thirty (30) days from the date the formal letter is issued to dispute the finding in writing and provide additional supporting documentation. The final decision on all appeals rest with the Division Administrator of DCFS.

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H. DCFS shall notify the JJOC of subrecipients that are out of compliance with corrective action activities, and that are designated as high-risk.

X. RECOUPEMENT OF FUNDS

A. DCFS staff shall notify a subrecipient of the amount of funds to be repaid, and the reason.

B. DCFS shall notify the JJOC of any instances of suspected fraudulent grant activities or non-compliance issues with subrecipients who are required to pay back grant funds.

C. Grant funds that are recouped by DCFS may be sub-granted or used for juvenile justice reinvestment activities in accordance with federal and state law.