



**Title:** Grant Monitoring Policy and Procedures

**Revision History:** September 12, 2008, January 31, 2019, August 26, 2020

**Effective Date:** April 8, 2021

**Purpose:**

The Department of Criminal Justice Services (DCJS) Grant Monitoring Policy ensures that sub-grantees are in compliance with all grant conditions and that technical assistance is provided as needed to implement effective programs. As the state administering agency, the Department is required to develop a risk-based monitoring plan, conduct fiscal and programmatic monitoring on all sub-grantees, and conduct enhanced monitoring of sub-grantees determined to be high risk.

**Authority:**

The Director of DCJS has the authority in Chapter 1 of Title 9.1, *Code of Virginia* (§§9-100 through 186.14) to implement policies needed for the operation of the agency.

Grant Monitors and the Grants Management Section Staff are responsible for monitoring the activities of sub-grantees to ensure that awards are used for authorized purposes and in compliance with 2 C.F.R. §§ 200.303 and 200.331, and other federal statutes, regulations, and the terms and conditions of the awards. The DCJS grant solicitation, subsequent application and statement of grant award (SOGA) contain all of the required information listed in 2 C.F.R. § 200.331 (a).

**Policy:**

Grant monitors will conduct monitoring visits and desk reviews of sub-grantees with the level and frequency based on the results of annual risk assessments. In the event of a public emergency or when other circumstances exist which make on-site visits impractical, grant monitors may conduct their site visits virtually via conference call or videoconference. The objectives of periodic reviews are to ensure sub-grantees:

1. Carry out program activities as stipulated in the grant solicitation, grant application, and Statement of Grant Award (SOGA);
2. Have adequate internal controls to protect federal funds;
3. Claim reimbursements for costs that are allowable, reasonable, allocable, and necessary under program guidelines;
4. Identify any conflicts of interests that exist; and,
5. Maintain reported supporting documentation/records for future auditing purposes.



### GRANT MONITORING RISK ASSESSMENT

A risk assessment is completed for all sub-grantees receiving federal funds by the grant monitor before the grant award period begins and/or annually to inform the monitoring plan for the following fiscal year. Grant monitors will complete a risk assessment using the *Grant Monitoring Risk Assessment Tool (Attachment 1)* which meets the required elements in 2 CFR 200.331 (b), to evaluate each sub-grantee's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award to determine the appropriate level and schedule of sub-grantee monitoring (*Attachment 2, Monitoring Plan Schedule*). Grant monitors use the DCJS New Sub-Grantee Questionnaire (*Attachment 3*) to complete the risk assessment form. This questionnaire meets the Uniform Guidance required for pass-through entities outlined in 2 CFR 200.331 (b).

The risk assessment for existing grantees takes into consideration the following financial and programmatic factors:

1. Total dollar amount of grant award
2. Timeliness of financial reporting to DCJS
3. Results of external audits (including any results of a Single-Audit, if applicable)
4. When a site visit was last conducted
5. Timeliness of programmatic progress reporting to DCJS
6. Turn-over of DCJS-funded key staff
7. Number of years receiving grants through DCJS
8. Other issues of noncompliance and recurring or unresolved issues

A weighted numeric value is assigned to each factor, with higher numbers indicating higher risk. Based on the total risk score, sub-grantees will be placed in the risk categories of high, moderate, or low. A score of six or lower is low risk. A score of seven to thirteen is medium risk. A score of 14 or greater is high risk.

A sub-grantee's risk level may be adjusted to a higher level based on additional information that DCJS is aware of, including results of other grant monitoring from internal and external agencies, financial instability, results from previous site visits, recurring or unresolved issues, concerns about internal controls, and financial management issues. These concerns should be documented on the *Grant Monitoring Risk Assessment Tool*. A copy of the completed risk assessment will be kept in the sub-grantee's file, and shared with the sub-grantee.

### MONITORING ACTIVITIES AND MONITORING PLAN

At the beginning of each state fiscal year, grant monitors will develop a monitoring plan for each sub-grantee based on the sub-grantee's assessed risk level. If issues arise that cause the sub-grantee's risk level to be reclassified, the grant monitor will notify the sub-grantee of the reclassification and will modify the monitoring plan to reflect the new risk level and to ensure proper accountability and compliance with program requirements and achievement of performance goals. The grant monitor will use the *Sub-grantee Monitoring Tool (Attachment 4)* for site visits.



Regardless of the assessed level of risk, certain monitoring activities will be performed on all sub-grantees. Based on an assessed level of increased risk, enhanced monitoring will be performed.

### Grant Monitoring for All Sub-grantees

Grant Monitors will:

1. Perform pre-award review based on the questionnaire to determine the fitness of sub-grantees to receive new grant funds (new subrecipients only), or perform a risk assessment (subrecipients who have received previous DCJS grants).
2. Review quarterly financial and programmatic reports required by DCJS.
3. Follow up with sub-grantees and ensure that sub-grantees take timely and appropriate action on all delinquent Acceptance of Statements of Grant Awards (SOGAs), reports and other deficiencies pertaining to the grant award detected through audits, monitoring visits, desk reviews, and other monitoring activities.
4. Review materials submitted in response to Special Conditions and approve or deny submissions. Grant Monitors will then send approval to the DCJS Grants Management Section and the assigned fiscal technician updates the online grants management system.
5. Conduct trainings and/or provide technical assistance for sub-grantees to help administer the grant.
6. Evaluate any newly revealed information that may affect sub-grantees' risk score and modify the monitoring plan as necessary.
7. Coordinate with the Grants Management Section for the issuance of management decisions for audit findings relating to DCJS grant funding.
8. Conduct monitoring visits of sub-grantees to ensure financial and programmatic compliance.

Grants Management Section Staff will:

1. Ensure that the entity is not debarred (see Debarred or Suspended Procedure and Policy) prior to award and periodically throughout award period.
2. Analyze audit findings for sub-grantees that are required under 2 CFR § 200.332 (f) to have a completed audit.
3. Verify that audits are conducted for sub-grantees that are required under 2 CFR § 200.332 (f) to be audited (“when it is expected that the sub-grantee’s Federal awards expended during the respective fiscal year equaled or exceeded the \$750,000 threshold set forth in 2 CFR §200.501 Audit requirements”). Follow up as necessary.
4. Conduct financial desk reviews and monitoring visits based on requests from the grant monitors or coordinators. Grants Management staff will complete the “Administrative Financial Review” section of the Sub-grantee Monitoring Tool and review the supporting documentation for the randomly selected expenditure line items. Additionally, Grants Management staff reviews the financial system and policies/procedures the grantee uses for tracking grant expenditures, as well as the internal controls related to the financial management of grant funds. After reviewing all the information gathered on-site, Grants



Management staff gives the Grant Monitor any financial recommendations to pass along to the grantee.

5. Grants Management staff conduct this same in-depth financial reviews of programs identified during the financial desk reviews and monitoring visits as needing further review.
6. Determine corrective action required of the sub-grantee if there are concerns in the audit finding, financial desk reviews, in-depth financial reviews, or monitoring visits. Work with the grant monitor to communicate concerns to the sub-grantee and monitor compliance with corrective action plans.
7. Issue management decisions for audit findings relating to DCJS grant funding.
8. Enter sub-grantee into FFATA if an award is over \$25,000 (see FFATA Policy).
9. Upon notice from a grant monitor that special conditions are approved, notify Project Administrator by email, copying Project Director and Finance Manager, and copying the grant monitor, of satisfaction of those special conditions.

### High Risk Sub-grantees – Enhanced Monitoring Requirements

For sub-grantees determined to be high risk, in addition to the monitoring requirements for all sub-grantees, grant monitors will address identified issues and ensure compliance by:

1. Conducting a monitoring visit annually, to include a financial review of at least 20 randomly selected individual expenditure lines.
2. Providing technical assistance.

### Moderate Risk Sub-grantees – Monitoring Requirements

For sub-grantees determined to be medium risk, in addition to the monitoring requirements for all sub-grantees, grant monitors will address identified issues and ensure compliance by:

1. Conducting a monitoring visit every two years unless otherwise specified by the federal awarding agency.
2. Conducting a financial and/or programmatic desk review as necessary.
3. Providing technical assistance.

### Low Risk Sub-grantees – Monitoring Requirements

For sub-grantees determined to be low risk, in addition to the monitoring requirements for all sub-grantees, grant monitors will address identified issues and ensure compliance by:

1. Conducting a monitoring visit every four years unless otherwise specified by the federal awarding agency.
2. Conducting a financial and/or programmatic desk review as necessary.
3. Providing technical assistance as needed.

## **ON-SITE OR VIRTUAL MONITORING VISIT PROCEDURES**

### Notification

The grant monitor will send a formal notification letter at least 30 calendar days before the visit to confirm dates and scope of review; provide details of documentation needed for the review; specify expected timeframe for the review; and ensure that the Project Administrator, Finance Director, and Project Director are notified and they or their designee and grant-funded staff are available during the visit. If extenuating circumstances arise prohibiting 30 days' notice and



requiring an immediate visit, notice will be sent and arrangements made to meet at the soonest time available for both parties.

The grant monitor will also provide the sub-grantee with the *Monitoring Checklist (Attachment 5)* and request that supporting documentation be compiled by the start of the monitoring visit. Additional documents may be required for specific grant programs.

### File Review and Preparation

In preparation for a monitoring visit the grant monitor will review all documentation in the sub-grantee's file, including the sub-grantee's application for funding, Statement of Grant Award, special conditions, financial and progress reports, drawdown history (payments made to the sub-grantee), and copies of recent audit reports.

### Supporting Documentation, Data Gathering and Analysis

During the review, the grant monitor will complete the *Sub-grantee Monitoring Tool* and address noted concerns with the sub-grantee.

The grant monitor will analyze all information gathered through the checklist, document review, and interviews to assess compliance with the grant.

### Exit Conference

At the end of the monitoring visit, the grant monitor will meet with the Project Administrator, Finance Director, and Project Director or their designees to present the tentative findings noted from the complete programmatic and financial grant review. The exit conference should cover the following objectives:

- Present preliminary results of the site visit
  - Provide an opportunity for the sub-grantee to discuss any disputed findings
  - Obtain additional documentation from the sub-grantee to clarify or support their position
- For findings discussed, there should be a clear understanding of any remaining action(s) or future expectations.

### Post-Review Letter

After the monitoring visit, the grant monitor will analyze the supporting documentation provided and issue a Post-Review Letter to the sub-grantee within 90 calendar days documenting recommendations for corrective action and requiring the submission of a corrective action plan within a timeframe as determined by the grant monitor based on the severity of the findings, not to exceed 45 calendar days by the sub-grantee. This timeframe may be extended by the grant monitor if circumstances warrant more time.

### Corrective Action Plan Review

The grant monitor will review all corrective action taken. If any findings were not corrected, or were partially corrected, the grant monitor will provide the sub-grantee with the timeframe for each resolution.



### Closure of Site Visit

If adequate documentation is received to resolve each finding, the grant monitor will send a closure letter to close the site visit within 30 days of receipt of corrective plan response.

### **FINANCIAL MONITORING PROCEDURES**

The grant monitor is responsible for simple verification of basic grant expenditures, per the risk assessment tool. The grant monitor will document their review on the “Administrative Financial Review” section of the *Sub-grantee Monitoring Tool* (Attachment 4) and analyze the responses for items that may represent non-compliance.

The grant monitor will select a sample of expenditures from several quarterly periods that supports information provided on the Quarterly Financial Reports, including general ledger detail, and proper documentation for each expenditure in the form of purchase invoices, vendor receipts, payroll register, time cards, dates of training, descriptions of training, match support, and time and attendance records. The grant monitor will review supporting documentation for each item selected and review for allowable costs and proper support.

When a match is provided in a budget, the grant monitor should verify the match reported to what was approved in the budget, to determine whether there is appropriate supporting documentation. Sub-grantee records must clearly show the source, the amount, and the period during which the match was allocated. In-kind contributions should be determined at their fair market value. The basis for determining the value of personal services, materials and equipment must be documented and to the extent feasible, supported by the same methods used by the sub-grantee for its own paid employees.

Volunteer Services used as in-kind match will also be reviewed. Volunteer services may be professional or technical services, consultants, skilled, or unskilled labor assisting on the project. Records must be maintained documenting all service delivery, with verifying signatures of both the volunteer and the person who supervises them. The value must not exceed the independent sector determination for volunteer hours without written supporting documentation. Volunteer services must be consistent with those rates ordinarily paid for similar work in the sub-grantee’s organization.

After reviewing the documentation, the grant monitor will report all findings to the Grants Management Section for further review. If fiscal concerns arise, the grant monitor will ask them to do a more thorough financial review. As appropriate and at the request of either section, a representative from the Grants Management Section may accompany the grant monitor on a site visit, depending on need and risk.

The Grants Management staff will conduct in-depth financial reviews of all high-risk grantees and of programs identified during the financial desk reviews as needing further review. Grants Management staff will independently complete the “Administrative Financial Review” section of the Sub-grantee Monitoring Tool and review the supporting documentation for the randomly selected expenditure line items. Additionally, Grants Management staff reviews the financial



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system and policies/procedures the grantee uses for tracking grant expenditures, as well as the internal controls related to the financial management of grant funds. After reviewing all the information gathered, Grants Management staff prepares recommendations based on their findings. The grant monitor communicates these recommendations to the grantee as appropriate and may incorporate them into a corrective action plan.

Shannon Dion

April 8, 2021

Shannon Dion

Date