

1 PURPOSE

Recipients of U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) Homeland Security Grant Program (HSGP) funds must be monitored in order to track the progress of agencies against their strategies, track the support that the State Administrative Agent (SAA) is providing to local and state agencies for implementation of their strategies, and to determine whether planning, equipment, exercise, administrative and training award funds are being obligated and expended in accordance with SAA and DHS guidelines and special conditions. 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.

The monitoring state agency homeland security strategies encompass two main areas: award monitoring of planning, equipment, exercise, administrative and training funds; and programmatic monitoring of an agency's progress against its own strategy, to include monitoring of the agency's needs. To perform award monitoring, the SAA will be responsible for assessing subrecipients' general use of award funds and compliance with SAA and DHS guidelines for planning, equipment, exercise, administrative, and training funds provided to local and state agencies by the SAA. To perform programmatic monitoring, the SAA will be responsible for assessing how SAA resources, including awards, training, direct exercise contractor support, and technical assistance support are enhancing preparedness and response capabilities on a local level within the state.

Award and programmatic 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.

2 COMPLIANCE WITH 2 CFR 200

The District of Columbia Homeland Security and Emergency Management Agency (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). Below is a summary of how HSEMA meets these requirements for awards managed by the HSEMA Grants Division.

- a. The SAA staff review all requests for reimbursement to ensure that costs are fully documented, allowable, and within the approved scope and budget of the subaward.
- b. The SAA staff review quarterly reports for all active subawards and identify any potential issues based on progress on deliverables or spending. Any significant issues are flagged and a corrective action is required.
- c. The SAA staff performs on-site monitoring visits of 25 subrecipients per year. Selection of subrecipients for monitoring is based on factors such as: total dollar amount of sub-awards; number of sub-awards; prior audit findings; prior monitoring visit findings; unspent balances of awards; and 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.
- d. The SAA staff review subrecipient single audit reports annually and notifies subrecipients that have findings that need to be addressed.
- e. The SAA will review corrective actions for monitoring or audit findings and determine if they are sufficient, and if those corrective actions have been successfully implemented.
- f. The SAA will incorporate any specific subaward conditions into the award package (subaward letter, project management plan) as necessary, including based on the results of the monitoring process.

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:

- a. Prior monitoring.
Has the subrecipient received prior monitoring site visits, and if so, how long has it been since the last monitoring site visit?
- b. Spending performance.
Was any balance returned to the SAA on previous awards?
- c. Number of subawards.
How many subawards are currently awarded to the subrecipient?
- d. 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.
- e. Audit / monitoring.
Any prior audit findings or monitoring corrective actions?
- f. Quarterly status review.
Number of flagged projects identified in the previous four quarterly subaward reviews.
- g. Overall performance.
Subrecipient performance in the management of grant-funded projects and compliance with grant and subaward requirements.
- h. Other risk factors.
Results of prior audits, changes in staff or systems, and results of prior federal award monitoring.

Based on the aggregate ranking, the SAA staff will select 25 subrecipients that will receive an on-site monitoring visit during the fiscal year. All quarterly status reports, regardless of whether the subrecipient is selected for a monitoring visit, will be fully reviewed by the SAA program manager (PM).

4 OFFICE-BASED MONITORING

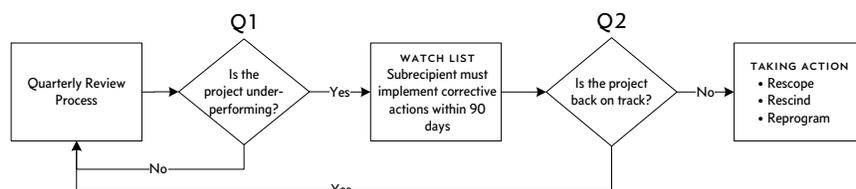
Office-based monitoring entails a full review of quarterly status reports for all subrecipients, to ensure that all status report documentation is complete and up-to-date, and that any apparent problems are addressed.

The SAA PM should 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 sub-

recipient 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.

4.1 Quarterly subaward review—HSGP

In order to successfully execute HSGP funded projects and fully expend the grant funds within the reduced the timeline, 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; and (4) avoid returning unspent funds to FEMA.



4.1.1 Identifying underperforming projects

The SAA staff will review all projects for the following:

- a. Deliverables.
Is the subrecipient making progress on the deliverables? Are they being completed on time?
- b. Spending.
Is the subrecipient spending according to plan and submitting reimbursement requests in a timely manner?
- c. Compliance.
Is the subrecipient compliant with SAA requirements (e.g. timely submission of award documents and status reports)?
- d. Delays and other issues.
Are there any risks that threaten timely project completion?

4.1.2 Watch list

- a. Projects flagged as underperforming will be placed on the watch list, to be reviewed by the Senior Policy Group (SPG) and the Chief Administrative Officers (CAO) Homeland Security Executive Committee (HSEC).
- b. The SAA will directly notify points of contact and report to authorizing officials through the quarterly project status memo.
- c. Subrecipients must identify and implement corrective actions, subject to SAA approval.
- d. The SAA will be offering technical assistance on subaward management and administration.

4.1.3 Taking action

Projects that have been flagged as underperforming for two consecutive quarters will be reported to the SPG and the CAO HSEC, and will be subject to the following actions:

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

Rescinded funds will be awarded to reprogramming projects that can be executed in a short timeframe. The SPG and the CAO HSEC will develop the initial list using high-priority unfunded projects from the application process. This list will be revised on a regular basis and maintained by the SPG and CAO HSEC.

4.2 Quarterly subaward review—non-HSGP

The SAA PM will document this review by sending an email to the Grants Division Director within 30 days following the subaward status report due date for that quarter. For example, if the status report for quarter 1 is due by April 10; the SAA PM should send the email by May 10. The email should, at a minimum, contain the following:

1. Confirmation the PM has completed the review
2. List of subawards for which the quarterly status report is missing
3. Any issues identified during the review

The PM should discuss any issues or points identified during office-based monitoring, as appropriate. The SAA should inquire about the agency's progress against its goals, objectives, requirements, and timelines in the context of the agency's equipment, training, exercises, and development needs. Questions may include:

- Has equipment purchased with DHS award funding been deployed?
- Is additional training required for responders to utilize that equipment?
- Have any goals or priorities changed?
- Is the agency on schedule with PMP timeline and spend plan?

4.3 *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 subaward file.

5 ON-SITE MONITORING

5.1 *Subrecipient notification*

Once the selection of subrecipients for monitoring has been made, the SAA will notify these sub-recipients by email that it will receive a monitoring visit that year.

The SAA PM will contact the subrecipient by email at least four weeks before the anticipated timeframe of the monitoring visit to schedule the exact visit time and provide the subrecipient monitoring report. No later than two weeks before the visit, the subrecipient will submit the completed report and requested documents to the SAA. No later than one week before the visit, the SAA will send the subrecipient a pre-visit email as a reminder and confirm the SAA's arrival at the agreed upon location, date and time.

5.2 *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. Pre-visit monitoring begins with a review of the subaward file and award data base to ensure that all documentation is examined and the persons monitoring an agency have a thorough understanding of what it is they are looking for. Notes of apparent problems should be made in preparation for the visit. All SAA staff dealing with mat-

ters pertaining to the subrecipient should discuss the upcoming visit and any relevant issues ahead of time (through an in-person meeting or email) including:

1. Review of the monitoring report submitted by the subrecipient
2. Review of the subrecipient's previous monitoring report for issues identified and corrective actions, if applicable
3. Suggestions of major equipment purchases to inspect at the visit
4. Any current issues regarding projects (e.g. underperforming, incorrect reimbursement requests, missing reports/subawards/adjustments, non-compliance of SAA policy, etc.)
5. Prior projects flagged as underperforming during the quarterly subaward review
6. Audit findings

5.3 *Site visit*

The SAA staff will travel to the project site. Any discrepancies, administrative and financial issues (delinquent reports, delays in implementation of project) should be discussed with the appropriate subrecipient officials.

- a. Programmatic review
Conducted by the designated SAA PM
- b. Procurement review
Determined by the monitoring visit team during the pre-visit meeting
- c. Financial review
Conducted by the designated SAA financial manager (FM)
- d. Documentation review
Determined by the monitoring visit team during the pre-visit meeting
- e. Equipment review
Determined by the monitoring visit team during the pre-visit meeting

5.4 Focus areas

During the onsite monitoring visit, the SAA may customize the monitoring report accordingly based on the following:

- a. 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.
- b. Subrecipients who have been monitored previously by the SAA and required corrective actions—SAA staff may choose to spend additional time and attention on areas that have been issues in the past during the on-site visit and review the corrective action that has been or should be taken.
- c. Subrecipients who have been previously monitored and are in good standing—SAA staff may review the written responses in the pre-visit meeting and use the on-site time to cover specific parts of the monitoring report and responses in more detail or review any issues or concerns that the subrecipient may have. Not all written questions and answers need to be reviewed in the on-site meeting in detail.
- d. SAA staff may choose to focus the on-site portion of the monitoring visit on specific topics within the monitoring report (procurement, financial management and reconciliation practices, NCR | GMS usage, equipment inventory, etc.) based on the subrecipient's prior history, and needs and the experience of the SAA staff in dealing with that subrecipient. Specific focus areas should be agreed upon in advance by the SAA monitoring visit team members at the pre-meeting and communicated to the subrecipient if it will require any additional preparation.

5.5 Post-visit

- a. No later than one week following the visit, the SAA monitoring visit team must meet to discuss the visit, including any issues raised that require corrective actions, and complete the SAA portion of the monitoring report. If there is disagreement on the nature of the corrective action needed, the issue must be elevated to the Division Director for resolution. The PM is responsible for submitting the final report; however, all staff assigned to monitor the subrecipient must provide comments for

their section of the report. The monitoring report must be submitted to the Division Director for final review before the report is sent to the subrecipient.

- b. No later than two weeks following the visit, the SAA PM should send an email to thank the subrecipient for the visit and provide a copy of the monitoring report, including any issues raised that require corrective actions.
- c. Within two weeks, after the monitoring report is sent, the subrecipient must provide the SAA with their corrective actions in the monitoring report. Each corrective action should have a completion date and must be specific, measurable, realistic, and time limited.
- d. Within a week, the SAA monitoring visit team must review and approve the corrective actions or ask the subrecipient to revise insufficient corrective actions. The subrecipient will be given one week to revise deficient responses. If after the initial revisions the corrective actions are still deemed insufficient, the monitoring report will be considered complete. The SAA PM should send an email informing the subrecipient that the monitoring visit has concluded.
- e. Subrecipients who have not provided a sufficient corrective action response to issues identified during the monitoring visit, or who have not implemented the corrective action within the timeframe specified will have open issues noted in each quarterly subaward review provided to the jurisdictions' Chief Administrative Officers.
- f. The SAA monitoring visit team will follow up with the subrecipient during the subsequent site visit, or earlier as needed, to ensure that the corrective actions were properly implemented and the issues identified resolved.