State of Vermont

Monitoring Strategies

A Guidebook for AOT Grantees on Subrecipient Oversight

CKrauss

13

CHAPTER 5

MONITORING STRATEGIES AND PROCEDURES

CONTENTS

APPENDIX

CHAPTER 5

MONITORING STRATEGIES AND PROCEDURES

The Elmhurst Development Center project had been underway for more than two years, ever since Hannibal Shoe moved its main plant to Mexico. Tom Banks, the county's chief planner, had convinced 5 of the county's 12 towns to pool a fixed portion of their AOT funds to form a non-profit economic development consortium (EDC, Inc.) to buy the old shoe factory, rehabilitate it, and operate a business incubator and training center. The Center in turn hired Lena Wilson as Executive Director to staff and run the program. Although EDC Inc. was a year behind schedule, the rehabilitation was completed (with only a slight cost overrun) and the incubator had attracted jobs for laboratory technicians.

A recent visit by AOT Field Office staff revealed serious monitoring deficiencies. The Center did not have any information about the people that were hired, so it could not demonstrate achievement of a National Objective with respect to jobs created or training slots filled by low- and moderate-income people. Further, it seemed to slip everyone's attention that Ted Hammet, a former officer of Hannibal Shoe, was on the Center's Board of Directors and also sat on the loan review committee of the Landsdowne Bank. The bank had funded the rehabilitation work for the Development Center. Questions arose about the potential conflicts of interest. Finally, there were several rumors that, in order to finish the rehab work as fast as possible, EDC, Inc. had brought in outside subcontractors who had paid only two-thirds the prevailing wages to their out-of-state workers. The Center, unfortunately, had no documentation to disprove this assertion.

INTRODUCTION

Requirements for Subrecipient Monitoring

The case study above illustrates what can happen when a grantee gets behind in monitoring subrecipient activities, especially when there are many actors involved (local governments, non-profit sponsors, private funding sources, staff and trainees), and when sponsored activities are complicated (rehabilitation and economic development). No matter how well run a project may appear, the question you always need to ask is, "Who is minding the store?"

As a AOT manager, you know that as far as monitoring is concerned, "the buck stops here." This chapter discusses how, even with limited staff, you can keep track of your subrecipients' activities and help them avoid problems and improve performance.

The AOT regulations (24 CFR 570.501(b)) state that:

"[the grantee] is responsible for ensuring that AOT funds are used in accordance with all program requirements. The use of . . . subrecipients . . . does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements . . . and for taking appropriate action when performance problems arise…"

The language in Subpart J of 24 CFR Part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," which applies to AOT grants, is even more explicit about your obligation to monitor subrecipients:

"Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. **Grantees must monitor . . . subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.** Grantee monitoring must cover **each program, function, or activity**.**"

**Your Primary Legal
Obligation**

These regulations make clear that your primary mission is to:

• make sure your subrecipients comply with all regulations governing their administrative, financial, and programmatic operations; and

• make sure your subrecipients achieve their performance objectives on schedule and within budget.

Both responsibilities are important. On the one hand, a subrecipient that complies with applicable regulations yet fails to achieve its service or project goals is still wasting the taxpayer's money. On the other hand, a subrecipient that delivers a great many units of service, yet in the process violates program regulations, puts itself, the community, and you at risk of serious monitoring findings by AOT, disallowance of costs, and termination of activities.

Overall Monitoring Guidelines

There is no magic to monitoring, but it helps if you **avoid** giving the impression that you're trying to catch subrecipients making mistakes and nail them with the blame. Whether you are right or wrong on any given matter, if subrecipients feel this is your purpose, they are likely to become uncooperative and resentful. Such perceptions only make your work and the subrecipients' work more difficult.

Instead, establish a monitoring process that emphasizes *positive feedback* to subrecipients about what they have done well, in addition to pointing out areas for improvement. Approach the monitoring with the assumption that your view is not always correct. This means building into the process *opportunities for dialogue* with subrecipients to develop a better appreciation of their perspectives and to identify and resolve points of miscommunication or misunderstanding.

Encourage subrecipients to specify, within reason, the kinds of technical support they need from you in order to make the improvements you require.

THE MONITORING PROCESS

Monitoring should not be a "one-time event." To be an effective tool for avoiding problems and improving performance, monitoring must involve an <u>on-going</u> **process of planning, implementation, communication, and follow-up. Grantees should develop a local system for monitoring that includes the following steps.**

Developing a Monitoring Plan

Develop a monitoring plan at the <u>beginning</u> of your program year so that you can *match available resources with the needs and capacity of your subrecipients*. Since you probably don't have enough staff to monitor all your subrecipients as frequently and thoroughly as you'd like every year, decide which subrecipients are most likely to have the most serious problems and make sure you devote extra attention to them. Make sure your monitoring plan is appropriate to your performance tracking capabilities and rotate the subrecipients selected for in-depth monitoring.

This doesn't mean you can ignore subrecipients you think won't have serious problems; it just means that if you have limited staff you may have to perform more limited monitoring of these subrecipients. Otherwise, you won't be able to help those subrecipients who will need your assistance the most.

Identifying Risky Subrecipients

By carefully examining subrecipients' past performance, you should be able to perform a **risk assessment to identify which subrecipients require comprehensive monitoring**. High-risk subrecipients might include:

• subrecipients new to the AOT program;

• subrecipients that have experienced turnover in key staff positions or a change in goals or direction;

• subrecipients with previous compliance or performance problems including failure to meet schedules, submit timely reports or clear monitoring or audit findings;

• subrecipients carrying out high-risk activities (such as economic development); and

• subrecipients undertaking multiple AOT activities for the first time.

By contrast, for an experienced subrecipient that has been successfully carrying out multiple activities for you, you could plan **a more narrowly focused monitoring**, that would examine:

• those area(s) of the subrecipient's operation where the regulations have changed or been clarified;

• new activities the subrecipient is undertaking; or

• aspects of a subrecipient's operations that led to monitoring recommendations in the past.

Even for subrecipients with strong past performance, you should still conduct a periodic comprehensive monitoring. Normally, effective and efficient subrecipients can begin to neglect their AOT responsibilities if accountability has not been built into the funding cycle.

Establishing Monitoring Schedules
In addition to the questions of how often and how thoroughly to monitor, your monitoring plan should specify when you expect to visit each subrecipient. For example, if a subrecipient is undertaking a new activity that requires procedures or a level of documentation it has rarely experienced before, schedule a monitoring visit (or at least a technical assistance visit) early enough in the program year to detect and resolve problems while they are still small. Conversely, for activities that require a long time to unfold, don't monitor too early before there is anything of substance to monitor.

Using Monitoring Checklists
Your monitoring plan should specify the particular items or documents you will examine in the course of your visit. **This list will vary depending on the activity area.** For example, for rehabilitation   activities, you need to test for compliance with lead-based paint regulations and required inspections.

To ensure that you examine the correct items for the activity area in question, as well as to promote thoroughness and consistency in your monitoring, it is helpful to use standardized monitoring checklists or workbooks for your on-site reviews. These guides can be as detailed as necessary, identifying the applicable regulations or laws for each activity area, the standards that need to be met, the types of documentation required, or the accounting systems that will satisfy the standards. The checklist should also specify the steps you will follow in the site inspection or file review to measure compliance.

If you do not have a monitoring checklist or workbook for subrecipient monitoring, you should develop one. The standardized forms and approach facilitated by these checklists can dramatically increase the efficiency and quality of your monitoring. Monitoring workbooks also allow you to collect data in a form that summarizes and greatly facilitates writing up the results of the review in a monitoring letter.

Included in the Appendix is a **sample checklist for on-site monitoring** of a subrecipient, which is an amalgamation of review documents used by four different entitlement grantees. It will give you a head start in developing your own review procedures. You may wish to review certain areas in greater depth or annually determine your priority areas for review. The Appendix also provides an outline for a subrecipient monitoring workbook, which lists the **general administrative and financial management requirements** associated with the AOT program, **as well as specific requirements applicable to each of the major AOT activity areas.**   You can use these two documents to review the comprehensiveness of your own monitoring checklists, or as an outline to prepare a monitoring workbook.

To assist you in developing your own process for management, monitoring and oversight of subrecipients, the Appendix also includes a listing of the areas AOT reviews when monitoring entitlement grantees for oversight of subrecipients.

PREPARATION FOR THE MONITORING VISIT

Before you begin your annual monitoring process, ensure that your monitoring staff are adequately trained. Nothing can be as destructive to good grantee-subrecipient relations than a monitor who is ill-prepared, incorrectly interprets or misapplies regulations, or exhibits a condescending or excessively bureaucratic manner.

Make sure that each of your monitoring staff is familiar with the applicable program rules and correct monitoring protocol. Initially, pair new monitoring staff with your most experienced staff so that newcomers can learn firsthand how to prepare for, conduct, and follow-up on a monitoring visit.

If more than one monitor will be involved in a monitoring visit, explain the respective roles of each staff member as part of the planning for the on-site visit. For example, grantees frequently assign one staff person to review fiscal systems and records and another staff member to look at program files and requirements. If you plan to perform a comprehensive monitoring of a subrecipient that is conducting a range of AOT-funded activities, or for which you anticipate serious problems, a "team" approach to the monitoring may be best. The specialization may permit a more efficient and thorough process.

In-House Review:
Desk Audits of Subrecipient Materials
In preparation for the monitoring visit, have the assigned monitor(s) review all the written data you already have in-house, such as:

• the subrecipient's application for AOT funding;

• the written agreement with the subrecipient;

• progress reports;

• drawdown requests;

• documentation of previous monitoring; and

• copies of audits whether by an Independent Public Accountant (IPA) or another entity such as the AOT Office of Inspector General (OIG) or the General Accounting Office (GAO).

You can use the information from this "desk audit" to learn about changes in a subrecipient's activities and to identify potential problem areas to examine during the on-site visit.

Pre-Monitoring Visits With Subrecipients

As discussed at the end of the previous chapter, consider scheduling a "pre-monitoring visit" to inform the subrecipient about your monitoring procedures and the information you will be examining during the subsequent visit. Your monitor can point out apparent weaknesses in the subrecipient's operations and suggest how they can be corrected *before the formal monitoring visit*. This will reduce the likelihood of negative "findings" after the formal monitoring.

CONDUCTING THE MONITORING VISIT

A "pre-monitoring visit" is one example of how you can reduce the anxiety and defensiveness of subrecipients in connection with the monitoring. Stress at the beginning of every visit that monitoring is **not** intended to find something wrong with the subrecipient. Rather, it is intended to provide an opportunity to **work together** to recognize the subrecipient's accomplishments and to identify ways to overcome problems and improve operations.

Avoid becoming **too informal** or casual in your approach. You may discover serious problems in a subrecipient's operations and have to mandate serious corrective action or even sanctions. You want subrecipients to be clearly aware that any problems you find will be taken seriously and have to be fixed.

Five Steps in a Monitoring Visit

There are five basic steps to any monitoring visit:

• Notification Letter
• Entrance Conference
• Documentation, Data Acquisition and Analysis
• Exit Conference
• Follow-up Monitoring Letter

A. The Notification Letter
Begin the on-site monitoring process with a telephone call to explain the purpose of the monitoring and to arrange mutually convenient dates for your visits. Send a formal notification letter at least several weeks before the scheduled visit to:

• confirm the dates and the scope of the monitoring;
• provide a description of the information you want to review during your visit; and
• specify the expected duration of the monitoring, which of your staff will be involved, what office space you require, and what members of the subrecipient's staff you need to talk with

B. The Entrance Conference

Hold an entrance conference on-site with the subrecipient's director and appropriate financial and program staff immediately before you begin the monitoring. Use the entrance conference to make sure that all subrecipient staff have a clear understanding of the purpose, scope and schedule of the monitoring from the very beginning. Both you and the subrecipient must agree at the outset that it is **your responsibility to monitor the subrecipient's activities** and determine whether its use of AOT funds is appropriate and meets AOT regulations, even if the subrecipient finds your monitoring inconvenient and unwelcome.

C. Documentation and Data Acquisition

Keep a clear written record of the steps you followed and the information you reviewed during the visit. Document any conversations you have with subrecipient staff. The easiest way to do this is to annotate a monitoring checklist or handbook with notes about particular case numbers, statistics or financial figures, and the subrecipient's written policies that you obtain from the file reviews, on-site inspection of projects, or discussions with subrecipient representatives.

You will find this documentation invaluable in analyzing information, developing conclusions from the monitoring visit, and explaining the basis for any findings that appear in your monitoring letter. Being able to identify the sources of the information you used to arrive at your conclusions is particularly important if the subrecipient disputes any of your findings.

D. The Exit Conference

At the end of your visit, you or your monitoring team should meet again with key representatives of the subrecipient organization to present the tentative conclusions from your monitoring. This exit conference should have four objectives:

• to present preliminary results of the monitoring visit;
• to provide an opportunity for the subrecipient to correct any misconceptions or misunderstandings on your part;
• to secure additional information from subrecipient staff to clarify or support their position; and
• for any deficiency that the subrecipient agrees with, to provide an opportunity for subrecipient staff to report on steps they are already taking to correct the matter.

Maintain careful notes on the exit conference in order to document what you told the subrecipient and whether the subrecipient agreed with your tentative findings. At the end of the conference, there should be a clear understanding of the areas of agreement and disagreement about your monitoring results.

E. The Monitoring
   Letter

Monitoring without formal feedback to the subrecipient is worse than "half a loaf." If the subrecipient is doing a good job, it deserves formal written recognition of its success. If the subrecipient is experiencing problems or is failing to comply with regulations, you need to describe these deficiencies formally and quickly in a letter that also includes your recommendations or requirements for improvement. Otherwise the subrecipient will conclude that its performance is satisfactory or, worse still, that you condone its failure to comply.

Use the monitoring letters to create a permanent written record of what you found during the monitoring review. Make your letter positive in tone by recognizing areas where the subrecipient has done a good job or shown significant improvement as well as pointing out areas where corrective action or improvement is required.

Your monitoring letter should identify fully every finding and concern. You should issue a **finding** for non-compliance with the rules and regulations of the AOT program. Be careful that the finding is:

• correctly identified;
• based on applicable law, regulation, or program policy; and
• supported by the facts presented in the monitoring letter.

For each finding, specify ***corrective actions*** the subrecipient must take.

Present as **concerns** in the monitoring letter instances where the deficiency is not a finding, or where non-compliance may occur in the future because of weaknesses in the subrecipient's operations. For each concern, include ***specific recommendations*** for improvement.

Include ***deadlines*** in the monitoring letter for:

• providing a **written response** to your monitoring letter that describes how the subrecipient will resolve any finding(s); and

• **correcting each deficiency** identified in your letter.

You do not have to require a written response for concerns noted in your monitoring letter.

Mail the monitoring letter to the subrecipient ***within thirty days*** after the exit conference, especially if your letter details significant problems in the subrecipient's operations. You cannot delay your monitoring letter and then require the subrecipient to take "immediate action" to correct its deficiencies. Do not ask the subrecipient to meet a standard to which you, as the grantee, do not adhere.

You will be able to write your monitoring letter faster if you develop standardized language for the opening paragraphs and for sections on findings, corrective action, concerns and recommendations.

[**The Appendix to this chapter provides a sample monitoring letter that includes such "boilerplate" language.**] Standardization also helps to ensure more even-handed treatment of subrecipients for similar performance characteristics or monitoring problems. However, take care to ensure that the monitoring letter is not so "canned" that it ignores the unique characteristics (both positive and negative) of the particular subrecipient.

ADDITIONAL SOURCES OF EVALUATION INFORMATION

According to OMB Circular A-133, *any public agency or non-profit organization that cumulatively expends $500,000 or more in Federal funds in a year must have an independent audit performed*, consistent with the Single Audit Act of 1993. In most cases, these audits are performed by an IPA.

Subrecipient Audits

These audits can provide another source of information on subrecipients' finances and compliance with relevant fiscal requirements of the AOT program. They are especially helpful in reviewing how subrecipients allocated expenses across multiple Federal sources. Establish a system for tracking when your subrecipients' audit reports are due (see Chapter 6) and review these reports carefully for indications about how well your subrecipients are performing. See the Appendix to this chapter for more information on IPA audit reports.

Subrecipient Reports

Subrecipients themselves may prepare quarterly or annual reports on their operations. These are particularly helpful in providing an appropriate context for your own monitoring by identifying areas you may want to explore in greater detail.

Local Agency Evaluations

Other local agencies that work with the subrecipient may conduct their own evaluations. These evaluations may identify generic characteristics of the subrecipient's operations that are relevant to its AOT activities as well. They can suggest aspects of the subrecipient's operations that should receive special attention during your monitoring, or serve as an "early warning" system (particularly for subrecipients that have not been monitored recently). For example, such reports might mention major staffing changes that could indicate internal management difficulties.

AOT Audits

AOT's Field Office staff or its OIG, or sometimes even GAO may audit subrecipients. These audits can be important to you in a different way if they conclude that there were serious deficiencies that you didn't know about or weren't concerned about. Obviously, in such instances you need to become directly involved in the process to help sort out the facts. If the deficiencies are proven to exist, you should take the lead in helping to solve these problems with the subrecipient.

SUMMARY

This chapter has described strategies and procedures that you can use to fulfill your regulatory responsibility to monitor your subrecipients. Effective monitoring depends on building a sense of partnership with subrecipients and securing a mutual commitment to solve problems and improve the delivery of services.

Monitoring can be time consuming. However, a consistent and thorough monitoring process will produce significant payoffs over time in terms of fewer subrecipient problems, improved performance, and greater compliance with program regulations.

NOTES:

SUMMARY OF MONITORING OBJECTIVES

1. To determine if a subrecipient is carrying out its community development program, and its individual activities, as described in the application for AOT assistance and the Subrecipient Agreement.

2. To determine if a subrecipient is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.

3. To determine if a subrecipient is charging costs to the project that are eligible under applicable laws and AOT regulations, and reasonable in light of the services or products delivered.

4. To determine if a subrecipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.

5. To assess if the subrecipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.

6. To identify potential problem areas and to assist the subrecipient in complying with applicable laws and regulations.

7. To assist subrecipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.

8. To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipients, and not repeated.

9. To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40, as applicable.

10. To determine if any conflicts of interest exist in the operation of the AOT program, per 24 CFR 570.611.

11. To ensure that required records are maintained to demonstrate compliance with applicable regulations.

AOT MONITORING REVIEW OF GRANTEE OVERSIGHT OF SUBRECIPIENTS
AOT Field Office staff from the Office of Community Planning and Development monitors AOT Entitlement Grantees to review the adequacy of the grantee's management, monitoring, and oversight of its subrecipients as required by 24 CFR Part 85 and 24 CFR 570.501−503. The following outline provides a condensed list of the items covered in that review. **THE OUTLINE BELOW DOES NOT NECESSARILY COVER ALL THE AREAS YOU SHOULD ADDRESS IN YOUR SUBRECIPIENT MONITORING PROCESS, ONLY THE BASIC AREAS THAT AOT TYPICALLY REVIEWS WHEN MONITORING ENTITLEMENT COMMUNITIES.**

[NOTE: Items preceded by asterisk (*) are not related to statutory or regulatory requirements, but are only included to assist AOT reviewers in understanding a grantee's program, and/or to identify issues that if not properly addressed could result in deficient performance. Negative conclusions to items with an asterisk may result in a "concern" being raised, but not a "finding."]

AREAS OF REVIEW

A. SUBRECIPIENT MANAGEMENT AND TRAINING SYSTEM

1. The grantee's management system for subrecipient oversight.

*2. Efforts the grantee has made to assure its **subrecipients' understanding** of applicable AOT program requirements through technical assistance, training, and distribution of source materials (regulations, OMB Circulars, AOT Policy Notebook.

3. The grantee's process to ensure that subrecipients maintain adequate records that comply with program requirements, including record retention.

4. The grantee's process for handling audit reports required **OMB Circular A-133** and appropriate follow-up.

5. The grantee's procedures for identifying subrecipients as **"high risk"** (e.g., agencies not familiar with AOT regulations, with high staff turnover, or carrying out high-risk activities, etc.)

6. The grantee process to review subrecipients for evidence of **conflicts of interest,** involving grantee and subrecipient, or subrecipient and its contractors.

B. GRANTEE REVIEW OF SUBRECIPIENT'S INTERNAL CONTROLS

1. The grantee's system to assure that:

   a. The subrecipients' **financial management systems** are in compliance with (as applicable): (a) **24 CFR 85.20(b)** [financial reporting, accounting records, internal control, budget control, allowable costs, source documentation, and cash management] or (b) **24 CFR 84.21−28** [disclosure of financial results; sources and uses of funds; control of funds, property, and other assets; comparison of actual with budgeted outlays; cash management; procedures for determining reasonableness, allowability and allocability of costs; figures supported with source documentation;

examination with audits by qualified individuals and resolution of audit results].

    b. Time reporting/distribution records for subrecipient employees working on both

  AOT and non-AOT activities are kept appropriately.

2. The grantee's process to ensure subrecipient compliance with **procurement and/or subcontracting requirements** of **24 CFR 85.36** [governmental subrecipients] or **24 CFR 84. 40−48** [non-governmental subrecipients].

3. Property Management.

  a. The procedures subrecipients use to **identify AOT property and assets**, such as property records (**24 CFR 85.32 (d)(1)** and **24 CFR 84.30-37**).

  b. The procedures subrecipients use to ensure adequate safeguards for **preventing loss, damage or theft of subrecipient-held property** (24 CFR 85.32 (d)(3)).

C. SUBRECIPIENT AGREEMENTS (§570.503)

1. Review a Sampling of Agreements for:

  a. Elements **required in §570.503 (b):**

      Statement of Work

      Records and reports

      Uniform administrative requirements

      Other program requirements

  b. Adequacy of Statement of Work. Does it contain?

    1) A description of the types and amount of work or products **in sufficient detail to permit effective monitoring by grantee;**

    2) A schedule with a **deadline indicated for each major service or product** identified in the Statement of Work (**24 CFR 570.503(b)(1)**);

    3) A specified period for which the agreement is in effect;

    4) **Projected costs specified in sufficient detail** to provide a basis for comparing budgeted costs with actual costs of work (24 CFR 570.503(b)(1));

  c. Documentation **required** for payment of expenses sufficient to ensure that (1) payments are made **only for eligible** expenses, (2) expenses are **reasonable** in relation to actual performance, and (3) funds requested are **not in excess of immediate needs;**

d. Where **program income** is retained by subrecipient, the provisions to ensure that it is **used in accordance with AOT rules** (24 CFR 570.504(c)).

2. Analysis of Grantee-Subrecipient Agreement.

a. Determine whether there is universal coverage for all subrecipients.

∗b. The procedures for amendments.

 c. Adequacy of subrecipient agreements – conclusion (i.e., are systemic changes necessary to comply with program requirements?).

D. REPORTING

1. The process for submitting and receiving **progress and financial reports** required (24 CFR 570.503(b)(2)).

2. **Frequency** of required reports.

3. The adequacy of the reporting mechanism–**content** of written reports **clearly specified**; information required sufficient to assess subrecipient performance against specifications in Statement of Work?

5. Grantee **verification** of the data and beneficiaries reported by subrecipient.

E. ON-SITE MONITORING BY THE GRANTEE

*1. The process for selecting subrecipients and activities for **on-site review** (e.g., dollar amount, nature of activity, program experience).

*2. The **frequency** of grantee on-site monitoring.

 3. Review on-site monitoring conducted during preceding 12 months:

Names of subrecipients

Dates monitored

Number and type of findings

Date(s) of monitoring letters

Dates when findings were resolved

Percentage of subrecipients monitored to the total number of subrecipients

*4. Results of Monitoring.

a. Documentation for areas monitored, conclusions reached, and improvements or corrective actions necessary in the project file.

b. Adequacy of time for subrecipients' response.

c. Timeliness of grantee transmittal of monitoring results **communicated** to subrecipients.

d. **Corrective actions** and **dates for resolution** indicated.

*5. Grantee's **internal procedures** for ensuring **quality** of monitoring efforts, including **documentation and intended actions**, and follow-through on promised actions.

F. PROGRAM INCOME MONITORING

1. The grantee process for:

a. Keeping track of subrecipient-generated **program income** and ensuring **accurate recording and reporting** of income.

b. Assuring retained program income is used appropriately

before grant funds are requested

in accordance with the subrecipient agreement

in accordance with AOT rules

G. ON-SITE REVIEW OF SELECTED SUBRECIPIENTS BY AOT
[For a sample of subrecipients selected by AOT for on-site monitoring, the AOT monitor records the subrecipient's name, program or activity, records/data reviewed, and concerns/findings identified by grantee.]

1. Did grantee monitor this subrecipient on-site? If so, when?

*2. Are there **significant differences** between **actual and reported** performance?

3. Do any costs appear **clearly unreasonable**? Do any costs warrant **further review**?

*4. Does there appear to be **adequate knowledge of AOT rules** and other applicable regulations among subrecipient staff to support regulatory compliance? **Areas of weakness?**

5. Did grantee's monitoring report **fail to find** something it should have? If so, what?

H. SUMMARY

Adequacy of monitoring causes of problems, actions recommended and positive observations.

CHECKLIST FOR ON-SITE MONITORING OF A SUBRECIPIENT

Subrecipient _____

Project Name/Agreement No. _____

Project Director _____

In-house review and general oversight conducted on _____

On-site monitoring visit(s) conducted on _____

Monitoring letter sent on _____
Follow-up monitoring visit conducted/letter sent on:_____

A. Conformance to the Subrecipient Agreement

1. Contract Scope of Services – Is the full scope of services listed in the Agreement being undertaken? List any deviation.

2. Levels of Accomplishments – Compare actual accomplishments at the point of monitoring with planned accomplishments. Is the project achieving the expected levels of performance (number of persons served, number of units rehabbed, etc.) and reaching the intended client group? Explain any problem the subrecipient may be experiencing. **Acknowledge major accomplishments.**

3. Time of Performance − Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)? Explain.

4. Budget − Compare actual expenditures versus planned expenditures. Note any discrepancies
     or possible deviations.

5. Requests for Payment − Are requests for payment being submitted in a timely manner and are they consistent with the level of work accomplished? Is program income properly accounted for and recorded? Explain.

6. Progress Reports − Have progress reports been submitted with payment requests (where required) on time and were they complete and accurate?

7. Special Conditions − Does the project conform to any special terms and conditions included in the Subrecipient Agreement? Explain.

C. **Record-Keeping Systems** **(570.506)**

Records should demonstrate that each activity undertaken meets the criteria for National Objectives compliance. Such records should be found in both the grantee's project file and the subrecipient file.

1. Filing System – Are the subrecipient's files orderly, comprehensive, secured for confidentiality where necessary, and up-to-date? Note any areas of deficiency.

2. Documentation (activities, costs and beneficiaries) – Do the HCD project file and subrecipient records have the necessary documentation supporting the National Objective being met, eligibility, and program costs as they relate to 570.506? Do the project files support the data the subrecipient has provided for the CAPER?

3 Record Retention − Is there a process for determining which records need to be retained and for how long?

4. Site Visit (where applicable) − Is the information revealed by a site visit consistent with the records maintained by the subrecipient and with data previously provided to the grantee? Explain any discrepancies.

   a. Is the project manager located on-site and running the day-to-day operations? Does the staff seem fully informed about program requirements and project expectations? Explain.

   b. Is the project accomplishing what it was designed to do? Explain any problems.

D. **Financial Management Systems [85.20 (local governments) and 84.21−28 (non-profits)]**

1. Systems for Internal Control – Are systems in compliance with accounting policies and procedures for cash, real and personal property, equipment and other assets (85.20(b)(3) and 84.20(b)(3))?

2. Components of a Financial Management System – Review the chart of accounts, journals, ledgers, reconciliation, data processing, and reporting system. Note any discrepancies.

3. Accounting – Compare the latest performance report, drawdown requests, bank records, payroll records, receipts/disbursements, etc. Note any discrepancies

4. Eligible, Allocable, and Reasonable Costs – See OMB Circulars A-87, A-122. Pay particular attention to the time distribution records where the subrecipient has employees who work on both AOT and non-AOT funded activities. Note any discrepancies.

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5. Cash Management/Drawdown Procedures – See Treasury Circular 1075, 85.20(b)(7), and 84.20. Has all cash been promptly drawn down and deposited? Are all drawdowns of Federal funds properly recorded? Note any discrepancies.

6. Management of Program Income – If the subrecipient generates program income, refer to 570.504 and the Subrecipient Agreement about its use. Note any discrepancies.

7. IPA Audit Reports/Follow-up – (OMB Circular A-133) Determine if the subrecipient has expended $500,000 or more in Federal funds for the subject program year.

   IPA Audit Required   Yes____   No___   N/A____
   Date Conducted_____

   Any findings related to AOT activity? Status? Explain.

8. Maintenance of Source Documentation – (85.20(b) and 84.20(b)) Note any discrepancies in sample records, invoices, vouchers and time records traced through the system.

9. Budget Control – Do actual expenditures match the line item budget? Refer to 85.20(b)(4) and 84.20. Note any discrepancies.

E. Insurance

1. Has the subrecipient submitted a current copy of its Certificate of Insurance?

2. Is the City named as an additional insured?

F. Procurement

1. Procurement Procedures – Do the procedures the subrecipient uses for procurement of goods and services meet AOT requirements? Review a sample number of procurements.

2. Conflict of Interest – How does the subrecipient assure there was no conflict of interest, real or apparent? Review the process and comment.

G. Conclusion and Follow-up

1. Is the subrecipient meeting the terms of the Subrecipient Agreement and AOT regulations? Discuss both positive conclusions and any weaknesses identified.

2. Identify any follow-up measures to be taken by the grantee and/or the subrecipient as a result of this monitoring review.

   a. List the required schedule for implementing corrective actions or making improvements.

   b. List the schedule for any needed technical assistance or training and identify who will provide the training.

_____

Project Monitor   Date

20

REVIEW ITEM COMMENT/ REFERENCE

1. 0 Overview of Monitoring Procedures

NOTE: This section should describe the overall purpose of your monitoring program and how it is to be undertaken. See discussion in text of Chapter 5. It should include at least a statement of monitoring goals and objectives and a summary of the three principal monitoring phases: in-house preparation, on-site review, and follow-up.

2. 0 Program Performance Review *Required by 24 CFR 570.501(b) & 24 CFR 85.40(a) as modified by 570.502(a)(14)*

2. 1 National Objectives Compliance *Which one(s)& how addressed, 24 CFR 570.208*
2. 2 Eligible/Ineligible Activities *Which activities, on what basis, 24 CFR 570.201−207*
2. 3 Objectives *Compare current v. original in Agreement*
2. 4 Statement of Work *Compare actual work performed v. planned*
2. 5 Performance measurements *Planned accomplishments v. actual*
2. 6 Project Schedule *Compare actual progress v. planned*
2. 7 Budget Line Item *Compare actual expenditures v. planned*
2. 8 Conclusion *Performance Assessment*
  a. Summary of Achievements *Acknowledge major accomplishments*
  b. Summary of Corrective Actions/Deadlines *Schedule for corrective actions or improvements*
  c. Technical Assistance and Training *Schedule for technical assistance or training*
  d. Identifying High-Risk Subrecipients *24 CFR 85.12*

3. 0 Record-Keeping Systems *Required by 24 CFR 570.506*

3. 1 Filing System *Orderly, comprehensive, up-to-date*
3. 2 Security Procedures (office & site) *Confidentiality/safety of records, 24 CFR 85.42(e) and (f) and 84.34(f)*
3. 3 Location and Accessibility *Assuring availability and access, 24 CFR 570.508*
3. 4 Documentation (activities & costs) *Re: National Objectives, Eligible Activities, Program Costs 24 CFR 570.506*
3. 5 Environmental Review Documentation *24 CFR 570.503(b)(5)*
3. 6 Retention of Records *24 CFR 85.42 and 84.53 as amended by 24 CFR 570.502(a) and (b)*

4. 0 Financial Management Systems *Required by 24 CFR 85.20 and 24 CFR 84.20−28, as modified by 570.502(a) and (b) as applicable*

4. 1 Systems for Internal Control *Accounting policies & procedures, staffing; 24 CFR 85.20(b)(3) and 84.21(b)(3) rt of accounts, journals, ledgers, reconciliation data processing, reporting system*
4. 3 Accounting Records: accurate, current *Compare latest CAPER, drawdown requests, bank records, payroll records, receipts/disbursements,*
4. 4 Eligible, Allocable, and Reasonable Costs *Time sheets, cost allocation plan, expense tracking, 24 CFR 84.27 and 85.22, OMB Circulars A-87, A-122*
4. 5 Cash Management/Drawdown Procedures *Treasury Circular 1075, 24 CFR 85.20(b)(7) and 85.21*
4. 6 Management of Program I

A guide book to **Grantees on Subrecipient Oversight**
ncome *24 CFR 570.504*
4. 7 IPA Audit Reports/Follow-up *OMB Circular A-133*
4. 8 Maintenance of Source Documentation *24 CFR 85.20(b) and 84.21*
4. 9 Loan Servicing Capabilities *24 CFR 85.20(b)(3) and 84.51*
4. 10 Budget Control *Actual expenditures match budget,*
                                                    24 CFR 85.20(b)(4)
4. 11 Revision to Financial Plans & *24 CFR 570.503*
 Close-out

5. 0 Non-Discrimination and Actions *Required by 24 CFR 570.506(g), 570.601,*
 to Further Fair Housing *570.602, 570.607*

5. 1 Equal Employment Opportunity *Direct benefit activities:*
 24 CFR 570.506, 570.602
5. 2 Section 3: opportunities for 24 *CFR 570.506(g)(5), 570.607(b),*
 training & employment for local residents *and 84.44(d) affirmative action,*
                                                    documentation
5. 3 Fair Housing Compliance *Review criteria: 24 CFR 570.904, 570.601(b)* 5. 4
Requirements for Disabled Persons *§504(24 CFR 8.6), Title VIII, Federal*
                                                    Accessibility Standards,
                                                    Americans with Disabilities
                                                    Act (ADA)
5. 5 Women & Minority Business *24 CFR 570.506(g)(6), 24 CFR 85.36(e)*
        Enterprises and *84.44(b) affirmative steps documentation*

6. 0 Property Management *24 CFR 85.31−33 and 84.30−37*

6. 1 Acquisition Records Maintenance *Acquisition records, inventory maintenance*
6. 2 Security for Protection of Assets *Security procedures 24 CFR 85.32(d)(3)*
6. 3 Disposition of Assets *Disposition process and records, program*
                                                    income requirements, 24 CFR
                                                    85.32−33
                                                            and 84.33−35; 24 CFR
                                                            570.503(b)(7)and 570.505

7. 0 Procurement and Bonding *24 CFR 85.36 and 84.40−48*

7. 1 Procurement Procedures *Written policies/enforcement/compliance*
7. 2 Competitive Bids *Bid packages & award procedures*

7. 3 Use of Debarred, Suspended or *Prohibition/documentation required b*y
contractors or 24 *CFR 570.609; 24 CFR 85.35; 24*

        Subrecipients *84.44(d)*
7. 4 Small Purchases ($100,000 or less) *Purchase orders & petty cash*
 24 CFR 85.36(d)(1)
7. 5 Noncompetitive Procurement *Procedures, limits 24 CFR 85.36(d)*
7. 6 Conflict of Interest Provisions *24 CFR 570.611, Part 85.36 and 84.42*
7. 7 Bonding Requirements *24 CFR 85.36(h) and 84.48*

8. 0 Labor Standards Monitoring *Required by 24 CFR 570.603,*

AOT Handbook 1344.1 Rev. 1; compliance with Davis-Bacon and related acts, Copeland Act, Contract Work Hours and Safety Standards

8. 1 Prevailing Wages (applicability) *24 CFR 570.603, Handbook 1344.1 Rev. 1*
8. 2 Dissemination, Notices Posted *(same as above)*
8. 3 Person in Charge of Labor Standards *(same as above)*
8. 4 Documentation in Files *(same as above)*
8. 5 Field Inspections/Payroll Review *(same as above)*
8. 6 Contractor Eligibility *24 CFR 570.609*

9. 0 Relocation and Anti-Displacement *Required by 24 CFR 570.606*
        (See Appendix, Chapter 4)

EXAMPLE OF A GRANTEE MONITORING LETTER TO A SUBRECIPIENT

August 9, _____

Mr. John Brown
Executive Director
Midtown Community Development Corporation, Inc. (MCDC)
606 Main Street
Midtown, California xxxxx-xxxx

RE: Monitoring of MCDC's AOT Activities

Dear Mr. Brown:

 On July 21 and 22, ____, Elaine Black and Joshua Green, Monitoring Specialists for the Midtown Office of Community Development, monitored the MCDC's AOT activities. The MCDC is a subrecipient of the City of Midtown, and is carrying out two AOT-funded programs: an economic development loan program and a housing rehabilitation loan and grant program. The economic development loan program provides financing for both existing and start-up businesses, and funds a variety of business needs such as real estate, equipment, inventory, leasehold improvements, and working capital. The housing rehabilitation program assists primarily owner-occupied, low- and moderate-income housing in the East End neighborhood.

 The period under review was from July 1, ____ to June 30, ____. In addition to examining relevant files in the course of the review, the Monitoring Specialists met with you, the MCDC Finance Director (Jane White), and the MCDC program directors for the economic development and housing rehabilitation programs (Bill Blue and Yvonne Grey, respectively). The Monitoring Specialists also visited two assisted projects/cases for each program. An exit conference was held with you and your staff at the MCDC offices on July 22, ____, to discuss the results of the monitoring.

        The purpose of a monitoring visit is to determine whether the subrecipient has implemented and administered AOT-funded activities according to applicable Federal requirements. In this monitoring review, particular attention was paid to compliance with eligibility and National Objective requirements. Other areas emphasized were financial management systems, procurement practices, compliance with civil rights requirements, and use of program income.

        Overall, the MCDC is making diligent efforts to comply with applicable Federal requirements. The Monitoring Specialists found that the MCDC had achieved significant improvements in their financial management systems and management of program income. During the previous monitoring visit, these two areas had been the source of several serious findings regarding inadequate internal controls and failure to keep proper records on receipt and use of program income. The most recent review, however, revealed that the MCDC's systems and procedures in these areas are now satisfactory. In fact, the MCDC's new bookkeeping system for tracking and reporting on the use of program income, with its automated generation of monthly reconciliations and reports, is exemplary. This office will be recommending its adoption by several other subrecipients in our community.

The July ____ monitoring visit revealed, however, that some project files (cases number A-13, A-17, and A-18) lack the necessary documentation to demonstrate that a National Objective has been met through the creation of jobs, per 570.506(b)(5).

Corrective Action

MCDC must provide this office with documentation regarding the creation of jobs for loans number A-13, A-17, and A-18. The documentation should include an accounting of the actual number of full-time equivalent positions created, by title, and the number of positions filled by low- and moderate-income persons. For each low- and moderate-income person hired, MCDC must also identify the method it used to determine family income prior to the person's being hired, e.g., the Private Industry Council (PIC) referral or copies of the self-certifications. If a self-certification is used, it must be signed by the employee and clearly advise that the information may be subject to verification.

Secondly, for all future activities, MCDC must assure this office that a system is in place to maintain documentation for a National Objective for each provision of assistance to a for-profit business.

Lastly, we advised the MCDC staff to provide language in its written loan agreements that would impose consequences upon any business failing to demonstrate a good faith effort in hiring the necessary percentage of low- and moderate-income persons.

Concern Number 1 − Compliance with the escrow account requirements set forth in 24 CFR 570.511

The above referenced regulation sets forth four basic requirements for the use of escrow accounts:

1. The use of escrow accounts is limited to loans and grants for the rehabilitation of primarily residential properties containing no more than four units each.

2. An escrow account shall not be used unless the contract between the property owner and the contractor selected to do the rehabilitation work specifically provides that payment to the contractor shall be made through an escrow account.

3. All funds withdrawn under this section shall be deposited into one interest earning account with a financial institution.

4. The amount of funds deposited into an escrow account shall be limited to the amount expected to be disbursed within 10 working days from the date of deposit.

Although the MCDC housing rehabilitation program has been able to meet these requirements thus far, a proposed change in the structure, staffing level and procedures of the MCDC's Finance Office has raised some concerns about the

continued ability of MCDC to achieve the 10-day standard for disbursement of escrow account funds.

Requested Action

We request that MCDC, within thirty (30) days of receipt of this letter, forward a detailed description of the proposed MCDC Finance Office re-organization that will reassure this office that there will continue to be a capacity to disburse escrow account funds within ten working days. We look forward to receiving your responses within thirty (30) days of receipt of this monitoring letter by MCDC. If there should be any reason why your organization would have difficulty responding by this deadline, please contact me immediately.

We should add that the findings from our review, in our view, do not reflect negatively on MCDC's staff and their dedication to ensuring the success of the referenced programs. As previously mentioned, this office's Monitoring Specialists saw ample evidence of significant improvements that have been made by MCDC over the last year in the operations of its two AOT-funded programs.

The Monitoring Specialists also appreciated the MCDC staff's continued assistance throughout the monitoring visits.

Sincerely,

Ilsa Aqua
Director
Midtown Office of
Community Development

As a result of this most recent review, we are making two new findings and one concern regarding the use of AOT funds. A *finding* is defined as a program element that does not comply with a Federal statute or regulation, whereas a *concern* is either a potential finding or a program weakness that should be improved to avoid future problems. The findings and concern are detailed below:

Finding Number 1 – Public Benefit Requirements for Economic Development Loans

Section 570.203 of the AOT regulations provides that AOT funds may be used to assist a for-profit business, provided the grantee ensures that the appropriate level of public benefit will be derived before funds are obligated for that purpose. In the case of your economic development loan program, this means that a minimum number of full-time equivalent (FTE) jobs must be created or retained for each business assisted, in relation to the amount of AOT funds being provided to the business. Moreover, in order to ensure that the assistance provided does not unduly enrich the business, the subrecipient is expected to perform basic financial underwriting of each potential loan to determine that the amount of the contemplated financial assistance is not excessive, taking into account the actual needs of the business in making the project financially feasible. Therefore, a AOT grantee must review a subrecipient's files for documentation demonstrating that both of these requirements are being met.

The recent review revealed that at least some of MCDC's project files lack sufficient documentation to demonstrate that basic financial underwriting was conducted. Three loans were reviewed in our sample of the files: No-Pest Termite Control, Sportsworld, and New Day Bakery. The files contained financial statements from each business. However, other documentation was not found to indicate that a financial analysis was conducted and a determination made that the level of assistance provided was appropriate. There was also a lack of information that would demonstrate that the number of FTE jobs to be created by these businesses will meet the public benefit standards (i.e., that no more than $35,000 per FTE job to be created was being provided to each business).

Corrective Action

MCDC must provide documentation to demonstrate that, for each of these loans listed above, a financial analysis was conducted and a determination made that the level of loan provided was appropriate given the circumstances, and that a determination was made that the public benefit limit mentioned above would be met, given the number of jobs expected to materialize. This documentation must be provided to the city of Midtown within thirty (30) days of the receipt of this letter. MCDC must also certify to this office that each of the remaining project loan files contains the documentation missing from these three case files. Lastly, for the next two loans, MCDC is requested to submit documentation supporting these two requirements (financial underwriting and public benefit) to our office for review in advance of loan approval.

Finding Number 2 − Program Benefit from Economic Development Loans

Section 570.200(a) of the AOT regulations requires that each activity assisted with AOT funds meet one of the three National Objectives. Each provision of assistance to a for-profit business is considered a separate activity; therefore, each business so assisted wit AOT funds must meet a National Objective, and each loan file must contain relevant documentation to that effect. The MCDC has indicated that its economic development loans will meet the National Objective of principal benefit to low- and moderate-income persons through the creation of jobs for low- and moderate-income persons, and Section 570.506(b)(5) sets forth the requirements for documentation of

REVIEW OF IPA AUDIT REPORTS

In reviewing IPA audit reports, ask yourself the following questions:
• ***Does the audit accurately reflect program requirements and funding allocations, and the condition of subrecipient record-keeping systems?***

Verify IPA Audits

There can be considerable variation in the quality of the work done by IPAs. Therefore, before you can use the information in an IPA audit, you must first decide whether the auditor's review was adequate. Check to make sure that:

(1) the IPA is properly qualified;

(2) the allocations, program periods, categories of expenses, and other data relative to the AOT program are consistent with your understanding of what the correct figures should be;

(3) the audit reflects the compliance tests and reporting requirements specified in OMB Circular A-133; and

(4) the audit report reflects any uncorrected deficiencies in the subrecipient's system that you already know about.

• ***Did the IPA give an "unqualified" or "qualified" opinion?***

A "qualified" opinion may mean that the subrecipient's systems were so inadequate or its documentation so incomplete that the auditor could not offer its opinion with assurance. This is usually a sign of **serious** problems.

• ***Were there "repeat" findings?***

You should always be concerned if the subrecipient hasn't corrected findings from a previous audit.

• ***Were there any questioned costs?***

Most IPAs go to considerable lengths to resolve questionable expenses before they issue a report. Therefore, numerous questioned costs, or a single questioned cost of significant size, may mean the subrecipient is doing other things wrong.

Sub-recipient Monitoring

Any town that receives $500,000 or more in federal funding has to undergo an audit.
Along with these towns FEMA is going to select 5 small projects, 5 medium projects, and 5 large projects at random and those towns will undergo audits.
The Agency of Transportation is going around and meeting with all towns to make sure their finances meet compliance in case your town is randomly selected. After this meeting you as the applicant will receive a letter indicating our findings and we will make any recommendations to help your town/agency in the event it is selected for an audit.

Applicant Name *

How did you first find out about/apply for the grant money? *Who was responsible for this process? Were there any complications?

Do you have a copy of your grant agreement(s)? *

In terms of your financial filing system, how do you manage your incoming grant money? *

Did you set up a separate fund or account for disaster money? *

Do you use a separate line item in your general ledger? *

Tell me about your vendors. How did you select your vendors? Did you use a bidding process?
*Emergency: no bid needed; Under $500: no bid needed; Over $500: need 3 bids; Over $2,500: must be an advertised bid

Bid Type *

- ☐ Simplified Bid
- ☐ Formal Bid
- ☐ n/a

Do you make sure your vendors are registered with the state? *[▼]

Do you have a copy of the Secretary of State Document and the debarment list? *[▼]

Did your vendors submit time sheets or were they under contract? Did you make sure you were in compliance with Davis-Bacon wages? *

[text area]

Are time sheets collected weekly? *[▼]

Are wages equal or higher than federal standard? *This usually isn't a problem in Vermont because we have unions and they would make it known quickly if they were not paid fair wages[▼]

Do you make copies of invoices and the cancelled checks used to pay these invoices or bank statements? *[▼]

Are 5-10 invoices matched to their corresponding checks? *List invoice and matched checks. It may be recommended that you separate invoices and checks by vendor, creating a binder with labeled tabs or having separate defined folders.

[text area]

Does your town use a cash or accrual basis? *

- ☐ cash
- ☐ accrual
- ☐ n/a
- ☐ Other: [   ]

Are you informed of A-133 audit requirements? *[▼]
How do you handle drawdown payments? How do you keep track of the various drawdown, etc.? *

[text box]

What system do you use to approve invoice payment? Do you use a warrant system? *Explain chain of command, how many people see and approve the payments and in what order?

[text box]
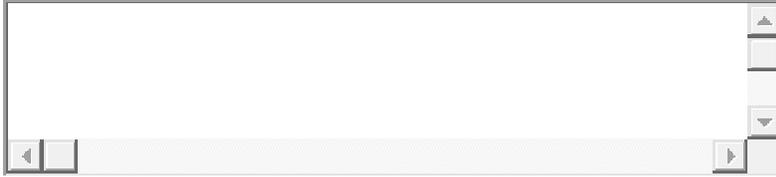
Is your town insured? * [dropdown]

Are you insured with Leagues of Cities and Towns? *Provide proof of insurance or certificate of liability

[text box]
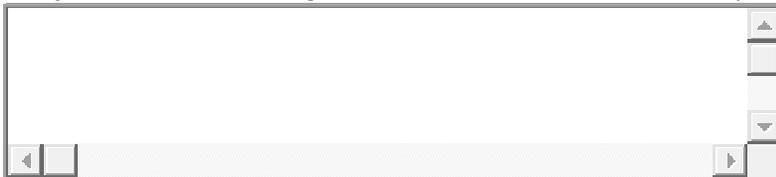
Were there any issues in the procurement process since the storm? * [dropdown]

Are there any issues or concerns you have? *How was dealing with FEMA? Any trouble receiving the funding? etc.

[text box]
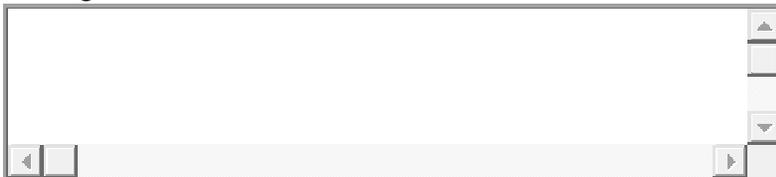
Are sub-recipients assisting the agency in meeting 25% match requirement- 12% match? [dropdown]

Is there a PA project cost allowable certification sheet? [dropdown]

Have revised procedures been used on SF-425 reporting? [dropdown]

State of Vermont   *Agency of Transportation*
Contracts and Grants Unit
One National Life Drive   [phone]   802-828-0631
Montpelier, VT 05633-5001   [fax]   802-828-5989

Grant Name:

Grant Number:

On this date _____ _____, _____ the Contracts and

Grants Unit staff member(s) visited the following:

organization or town _____.

This certifies that the project costs associated with the above named grant(s) are allowable.

STATE OF VERMONT, AOT   SUBRECIPIENT:
Contracts & Grants Unit

_____   _____
Signature   Signature

_____   _____
Print Name   Print Name

_____   _____
Title   Title

_____
Signature

_____
Print Name

_____
Title

Managing AOT
Grant Subrecipients
A guide book to **Grantees on Subrecipient Oversight**
EXAMPLE SITE VISIT SIGN OFF PAGE

VTRANS- Monitoring strategies

VERMONT

State of Vermont
Contacts and Grants
One National Life Drive
Montpelier, VT 05633-5001

Agency of Transportation

[phone]   802-828-0631
[fax]   802-828-5989

Grant Name:

Grant Number:

This is to certify that Contracts and Grants Unit staff member(s) visited the following

organization/town _____ to conduct an

on-site monitoring review on (date)_____ _____, _____.

Our goal as the Contracts and Grants Unit for Vermont Agency of Transportation is to monitor

the activities of sub recipients as necessary to ensure that federal awards are used for authorized

purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and

that all performance goals are achieved. This monitoring review can be documented as an official visit.

STATE OF VERMONT, AOT   SUBRECIPIENT:
Contracts & Grants Unit

_____   _____
Signature   Signature

_____   _____
Print Name   Print Name

_____   _____
Title   Title

_____
Signature

_____
Print Name

_____
Title

VERMONT

State of Vermont   *Agency of Transportation*
Contracts and Grants Unit
One National Life Drive   [phone]   802-828-0631
Montpelier, VT 05633-5001   [fax]   802-828-5989

March 25, 2013

XXX, Town Manager or Clerk/Treasurer
Town of Bennington
PO Box 469
205 South Street
Bennington, VT 05201

RE: Town of Bennington: FE0000
         Monitoring Visit: Description/Project Name

Dear XXX:

A monitoring visit was conducted by the Contract and Grants Unit staff on March 25, 2013 at the Town Office. The participating Agency staffs were Rebecca Tomaszewski and Coleen Krauss. During the visit, they met with John Doe of the Town.

The purpose of the monitoring visit was to determine if the Town of Bennington complied with all relevant laws, regulations, and procedures under Grant Agreement FE0000. It also proved the opportunity for the Contract and Grants staff to determine the technical assistance needs of the Town of Bennington.

The program areas monitored were Program Performance, Financial Management, Environmental Compliance, Contracts and Procurement, Labor Standards, Civil Rights/Equal Opportunity, and Rehabilitation. There were no findings or concerns in these program areas, and we commend the Town of Bennington on their fine performance.

We congratulate you and everyone involved for carrying out the Grant Agreement responsibilities and establishing a successful facility.

Sincerely,

Rebecca Tomaszewski
Administrative Assistant

Enc.