United States Department of the Interior
OFFICE OF THE SECRETARY
Washington, DC 20240

SEP 13 2011

Department of the Interior Guidance Release (DIG) 2011-03

Subject: **Financial Assistance Monitoring Protocol**

References: Office of Management and Budget (OMB) Circular A-102, *Grants and Cooperative Agreements with State and Local Governments* relocated to 2 CFR 225; OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Non-Profit Organizations*, relocated to 2 CFR 215; OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, relocated to 2 CFR 225; OMB Circular A-21, *Cost Principles for Educational Institutions*, relocated to 2 CFR 220; OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, relocated to 2 CFR 230; 43 CFR Part 12, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, sections 12.80, 12.81, and 12.83; and Executive Order 12674, *Principles of Ethical Conduct*, Part I, §101(k)

1. Purpose: This policy outlines the protocol for Department of the Interior financial assistance monitoring activities.

2. Effective Date: Effective immediately upon issuance.

3. Responsibilities: The Office of Acquisition and Property Management provides financial assistance leadership and policy guidance to bureaus and offices. This responsibility includes providing training and technical assistance in order to effect systemic change and to accomplish agency mission goals.

Bureau/office heads are responsible for ensuring that this policy is distributed to all of their Bureau program offices that administer financial assistance programs; preparing supplementary guidance, as appropriate; and implementing the policy's requirements. As stewards of Federal funds, Bureau/office heads have a duty to hold recipients accountable for the timely receipt of financial and programmatic reports; to proactively address recipient problems that impede the effective implementation of programs; and to ensure that public monies are spent properly.

4. Policy: It is the policy of the Department of the Interior to ensure the fiscal and programmatic integrity of its recipients through proactive monitoring of financial assistance programs. Monitoring of Federal financial assistance programs advocates good stewardship of awarded funds, and ensures that projects are carried out in a manner consistent with the recipient's approved project proposal or work plan. The Department has developed a risk-based portfolio management framework for developing a monitoring strategy that integrates baseline monitoring activities and focuses limited monitoring resources on higher risk awards. The

purpose of this strategy is to measure relative risks across awards and recipients and prioritize a set of monitoring activities for each category of risk. The monitoring strategy includes the annual selection of a bureau specific award portfolio based upon risk-based award ranking. The risk-based award ranking will be accomplished by completing the Financial Assistance Assessment Checklist (Attachment 1) and ranking recipient scores. Based upon the scores received through the checklist, monitoring activities will be prioritized based upon category:

Category A: Low Risk Awardees
Category B: Moderate Risk Awardees
Category C: High Risk Awardees

The Department incorporates a variety of risk factors into the overall award risk ranking. Initial award-related risk factors relate to the risk of non-compliance associated with each award and include the amount obligated, award complexity, financial audit, financial and programmatic reporting, and characteristics that are indicative of awardee financial assistance management capability or risk of non-compliance. Bureaus and offices may make adjustments to risk scores calculated with the Assessment Checklist to account for prior monitoring activity. For example, risk scores may increase or decrease based on concerns identified or resolved during prior desk reviews and site visits. Grants management specialists will incorporate internal comments received from their organizational units as well as information gathered from the awardees' prior award administration including awardees on special payment provisions, adjustments to closed awards, and financial and programmatic reporting history.

5. Financial Assistance Monitoring Objectives:

A. What types of monitoring are conducted on financial assistance awards?

There are two general categories of monitoring activities: programmatic and financial. Program monitoring addresses the content and substance of the program. It is a qualitative review to determine performance, innovation, and contributions to the field. It assesses whether award activities are consistent with the work plan or proposed project activities identified in the agreement or application content, accomplish award goals and objectives, and are compliant with statutory regulations and other policy guidelines. Program monitoring also involves (1) assessing technical assistance needs and evaluating program outcomes; and (2) monitoring administrative activities including compliance with award terms and conditions, reporting requirements, and completeness of documentation in the bureau official award file.

Financial monitoring is necessary to ensure compliance with financial guidelines and general accounting practices. Onsite or internal financial reviews are conducted to determine if (1) award recipients are properly accounting for the receipt and expenditures of Federal funds; (2) expenditures are in compliance with Federal requirements and award special conditions; and (3) proper documentation on financial activities is prepared, maintained, and distributed as appropriate. This documentation includes a record of all contacts between the bureau/office and the recipient.

Post-award monitoring of both programmatic and financial activity is conducted to determine the recipient's progress toward implementing the planned award activities; review compliance with relevant laws and regulations; and provide technical assistance when needed. The acquisition or financial assistance management team coordinates throughout the monitoring process by preparing an annual monitoring plan.

B. Who should monitor?

Bureau/office personnel who are responsible for administering financial assistance programs must ensure administrative, financial and programmatic compliance with relevant statutes, regulations, policies, and guidelines. Grants management specialists provide technical assistance and assist recipients in resolving problems that may impede the effective implementation of the project. Monitoring is an integral part of managing award programs and is performed periodically throughout the life of the financial assistance award period.

Staff persons are responsible for ensuring that relevant copies of all reports and correspondence are maintained. Sound monitoring starts with maintaining complete and well organized files, including copies of all reports and correspondence between the bureau/office and the recipient. These files should be reviewed periodically and particularly prior to an onsite visit.

Financial assistance personnel are responsible for reporting fraud, waste and abuse, as well as suspected violations and serious irregularities.

C. How do we monitor?

Federal agencies monitor recipients for compliance with program regulations primarily through internal desk review audits, site visits, and recipient compliance to the single audit. Single audits are used to monitor recipients that expend $500,000 or more in Federal funds in a fiscal year.

Pre-Award Testing Methods

1. Recipient Financial Capability/Business Determination Review

A preliminary assessment of the applicant's financial capability, including the applicant's accounting system and operations, must be completed to ensure that if Federal funds are awarded the funds will be expended in a judicious manner. First-time nongovernmental applicants (with the exception of public colleges, universities, and hospitals) must submit to a review of the organization's accounting system prior to award or within a reasonable timeframe thereafter to assure its adequacy and acceptability. This review may also apply where known financial or management deficiencies appear to exist. The results of the review will determine the action to be taken by the awarding agency with regard to the award, i.e., additional reporting or higher risk category designation with enhanced monitoring requirements. Applicants that have received prior awards must provide documentation to show that outstanding

audit issues have been resolved and that delinquent audit, financial, or progress reports are brought up to date prior to award of additional discretionary funds.

2. Budget Review

Staff may conduct a budget analysis of each application considered for funding. This budget analysis includes obtaining the Application for Federal Assistance, SF-424A or SF-424C, budget narrative, or detailed budget worksheet for the purpose of evaluating specific elements of costs, and examining data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of the proposed cost.

The budget analysis is designed to review applicant budget estimates and supporting documentation to determine whether the costs estimated are in accordance with the requirements within the respective OMB Cost Principles. In order to make this determination, applicants are required to submit budget estimates with detailed supporting documentation.

Post Award Testing Methods

In order to monitor current performance and fiscal practices for compliance, the following testing methods may be used:

1. Performance Report

Recipients are required to submit performance reports in accordance with requirements stated in 43 CFR Part 12. The frequency with which the reports are submitted will be determined in the award terms and conditions. Grants management specialists will review the reports to assess the following:

- Actual accomplishments compared to the objectives established for the period;
- Documentation to support a justification for slippage if established objectives were not met;
- Analysis and explanation of cost overruns or high unit costs; and
- Whether funds reported in the Federal Financial Report (SF-425) or Treasury Automated Standard Payment System automated reports on funding withdrawals, are consistent with the goals and objectives for the period of performance.

2. Federal Financial Report, SF-425

There are several financial forms and reports that award recipients may be required to complete including the Federal Financial Report, SF-425, and Request for Advance or Reimbursement, SF-270.

As of October 2009, all bureaus and offices must have fully transitioned to sole use of the SF-425, which is a government-wide financial assistance streamlining mandate. The SF-425 contains four sections: Status of Federal Cash, Status of Federal Expenditures and Unobligated Balance, Status of Recipient Share, and Program Income. Bureaus will

choose the sections their recipients are required to complete and the frequency of report submission.

a. Recipients are required to submit the SF-425 in accordance with financial assistance regulations and DOI policy. The frequency with which reports are submitted will be determined using a business management capability/systems assessment and other factors (i.e., past performance, dollar value of the award, or complexity), and will be stated in the award document.

b. Reports will include program outlays and income.

c. Reports will be reviewed to ensure they are received by the due date and provide adequate information covering the expenditure of funds for the specified time period in accordance with Department of the Interior Guidance Release (DIG) 2009-04, *Policy Regarding Financial Status Reporting Requirements Related to Grants and Cooperative Agreements*.

d. Reports will also be reviewed to determine whether the funds spent are appropriate.

The procedures to follow for late reports, monitoring reports, and remedies for recipient noncompliance are outlined in DIG 2009-04.

3. Compliance With OMB Cost Principles A-21, A-122 and A-87

Compliance with OMB Cost Principles A-21, A-122 and A-87 is tested by examining outlays. Regular monitoring of withdrawals via the designated electronic payment system should be conducted on a regular basis. Source documentation (purchase orders, invoices, cancelled checks, payroll, time and attendance records) for randomly selected transactions under each award are reviewed to determine the nature of the expenditure and to establish its allowability.

4. Recipient Internal Controls

Recipients of Federal financial assistance are required to maintain sufficient internal controls so that there is reasonable assurance that recipients are managing each Federal program in compliance with laws, regulations, and the provisions of grant or assistance agreements that could have a material effect on the Federal programs. Bureaus and offices should follow the procedures below when reviewing a recipient's system of internal controls:

a. Examine the recipient's written policies and procedures for financial assistance management.

b. Obtain accounting records for each Federal grant.

c. Check property/equipment inventories and maintenance schedules.

d. Justify the most current award balances and expenditures by reviewing the SF-425 and Automated Standard Application for Payment (ASAP) system draw down history.

5. Audits

Organization-wide audits under OMB Circular A-133 will occur annually for recipients expending more than $500,000 in Federal funds. The audit results will be reviewed to determine:

- The recipient's financial performance, with emphasis on the adequacy of the recipient's internal controls and the extent of its compliance with Federal law and regulations; and
- Any instances of noncompliance, questionable costs, fraud, abuse, and illegal acts that the independent auditor may have discovered.

6. Monitoring Plan

The effective monitoring of financial assistance programs is achieved through the development, implementation and maintenance of the monitoring plan. A risk-based approach should be used when determining the level of monitoring. A site visit is considered to be the highest level of staff involvement for a select group of recipients, while other activities considered moderate or lower risk can be effectively monitored with lower levels of staff resource involvement.

The thorough analysis and review of this risk assessment enables the bureau or office to identify the level of monitoring activities needed for a particular project based upon program policy priority, dollar threshold of award, recipient's need for assistance, and program potential for implementation problems. Once completed, the grants officer or program manager will determine how the monitoring plan will be completed, what the focus of the plan will be over the life of the financial assistance award, and what types and how often the appropriate monitoring activities will be conducted; e.g., review of financial and program reports, monitor cash draw downs in the ASAP system, desk reviews, onsite visits, or telephone surveys.

Monitoring priority is given to the following:

- Awards in which irregularities or instances of non-compliance have been identified;
- Implementation has been problematic; or
- Highly visible programs that have policy priority or where the recipient has specifically requested technical or other assistance.

The frequency or resources available to determine appropriate onsite monitoring is at the discretion of the bureau or office. Oftentimes, desk and telephone reviews may occur prior to an onsite visit and may be conducted periodically to monitor a recipient's compliance. A desk review consists of reviewing financial assistance files, performance

and financial reports, and ASAP system draw down history to ensure completeness, accuracy, and up-to-date data so as to assess recipient compliance. Monitoring may also be conducted as part of conferences and meetings with recipients. Telephone monitoring may be done to communicate time sensitive information or when onsite visits are not feasible.

This plan is an evolving document to be used throughout the life cycle of a project to ensure the goals and objectives are met. The bureau/office is responsible for revisiting the assessment to determine if modifications to the monitoring plan are required.

The Financial Assistance Evaluation Questionnaire (Attachment 2) shall be used as a tool to evaluate recipient performance, regardless of method. The following outlines the procedures required for implementing the various award monitoring protocols:

A. Desk/Telephone Monitoring Report

Desk and telephone monitoring are baseline or low- to moderate-risk monitoring techniques. Desk monitoring is a thorough review of the bureau award file, while phone monitoring takes the review a step further by contacting the recipient's staff to discuss data in source documents, award activities and project status.

Reviews of award files are conducted in order to:

- Ensure that the files are complete and the documents they contain were properly executed;
- Determine if the recipient is in compliance with the program guidelines;
- Determine if award special conditions are being implemented and properly cleared; and
- Assess the progress of the program and identify any problems encountered.

There are four action steps required when conducting a desk/telephone review:

Step 1: Review the official award files and complete the Financial Assistance Evaluation Questionnaire. Ensure that all documents identified on the form are included.

Step 2: Compile a list of programmatic, administrative and financial issues to discuss.

Step 3: Contact the recipient to address any issues requiring resolution and to request copies of documents that may be missing from the file.

Step 4: Send a copy of the completed Financial Assistance Evaluation Questionnaire and any supporting information for inclusion in the official file.

B. Monitoring Reviews and Report

Monitoring reviews may be used independently or in conjunction with the Financial Assistance Evaluation Questionnaire or as a record in preparing the Monitoring Report (Attachment 3). Monitoring reviews provide the bureau/office a substantive assessment of project implementation and will serve as guidance in determining any required corrective actions. This information comprises the analysis of the Progress Report Review and the SF-425.

C. Site Visit

Onsite monitoring consists of three phases: the site visit plan (pre-visit), the onsite visit survey, and post-visit tasks. During all phases of monitoring, procedures are divided into two parts: (1) programmatic issues; and (2) administrative/financial issues.

1. Site Visit Plan (Pre-Visit)

Prior to the actual onsite monitoring visit, the bureau/office completes a number of tasks to prepare for the visit. Adequate preparation prior to a visit provides the bureau/office with the background information necessary to conduct a thorough visit. Prior preparation also helps to ensure that the recipient can assist the onsite monitor with relevant information about the programmatic, administrative and financial oversight of the project, as well as with a comprehensive overview of the status of the project.

Prior to arriving on site, the bureau/office must:

a. Review the award file and data maintained in automated reports/databases.

b. Develop a checklist or site visit survey of information, documents and activities to be reviewed and questions to ask the recipient.

c. Schedule the onsite visit.

d. Send a confirmation letter or email to the recipient confirming the visit. Staff may also forward a copy of the checklist or site visit survey so the recipient will be familiar with the information required for the visit.

e. Compile materials to take to the onsite visit.

2. During the Visit

The bureau/office visits the recipient at the project site in order to discuss specific issues related to their implementation plan, observe project activity, and make judgments about planned versus actual progress.

During the onsite visit, the bureau/office:

a. Conducts an entrance interview. This interview is conducted with the project point of contact, agency director, project personnel or financial/accounting staff and is used to set the tone and establish expectations for the onsite monitoring visit.

b. Conducts a programmatic, administrative, and financial review of the project. The bureau/office reviews the recipient's award files to ensure that all information contained in them is current, the recipient's financial management system and special conditions have been satisfied.

c. When applicable, the bureau/office conducts interviews with sub-recipients. If issues or problems were noted during the desk monitoring, questions are to be asked of the project staff and sub-recipients to increase understanding of the problem and shed light on possible solutions.

d. Visit the site of the federally funded project. Prior to arrival at the site, the bureau/office has prepared a checklist of goals, objectives, and time lines to measure the progress of the program.

e. Conduct an exit interview. The interview is conducted with the project point of contact and designated bureau/office financial assistance personnel. The exit discussion is used as an opportunity for the recipient to ask questions of the grants management specialist.

3. Post Visit

The purpose of the Site Visit Report (Attachment 4) is to document the result of the site visit and to highlight any areas where the recipient is in non-compliance or in need of assistance. Following the site visit, a follow-up letter is sent to the recipient to thank them for their cooperation during the visit. This follow-up letter may also serve to identify areas for improvement, programmatic recommendations or assistance that will be provided. The site visit report and follow-up letter are prepared within 30 business days of returning from the site visit, and a copy of both is included in the official award file.

Required steps following the site visit are:

Step 1: Prepare the site visit report and letter to the recipient.

Step 2: Route site visit report and letter through the bureau/office for review.

Step 3: After review and approval, send the letter to the recipient.

Step 4: Send an approved copy of the site visit report and letter to the official file.

If the recipient provides insufficient documentation to bureau/office staff, the recipient is generally given 30 calendar days from the date they receive the follow-up letter to provide the required information. After 30 calendar days, if this does not produce the missing information, a telephone contact should be made in an effort to resolve the issue(s). In the event there is not a resolution, a final warning letter is signed by the bureau/office head and sent via certified mail approximately 45 calendar days from the date of the follow-up letter.

7. Additional Information: For questions regarding this guidance, you may contact Anita Hairston, Financial Assistance Program Analyst, Office of Acquisition and Property Management at 202-254-5558, by e-mail at anita_hairston@ios.doi.gov.

Debra E. Sonderman
Director, Office of Acquisition and Property Management

Attachments
1 – Financial Assistance Risk Assessment Checklist
2 – Financial Assistance Evaluation Questionnaire
3 – Monitoring Report
4 – Site Visit Report

Financial Assistance Risk Assessment Checklist

Instructions: This checklist shall be completed prior to award of all financial assistance actions (including modifications) for the purpose of establishing a monitoring strategy/plan. The individual completing the checklist shall initial and date each question. If the preparer has selected "N/A" for risk category, a brief explanation shall be provided in the Comments column.

Agreement No._____ Date of Application _____

Award Amount $ _____ Recipient Name _____

Project Title/Description _____

Financial Assistance Staff Person _____

RISK CATEGORY:	**SCALE:**	**SCORE:**
1. Dollar Amount Awarded	a. Less than $100,000 (0 Points= Low Risk Monitoring) b. $100,000 to $1,000,000 (5 Points =Moderate Risk Monitoring) c. Greater than $1,000,000 (10 Points = High Risk Monitoring)	
2. Program Priority	On a scale from 1 to 10, 10 being the highest priority, how important is the grant/cooperative agreement within the context of the awarding office's goals and objective? (1- 10 Points)	
3. Program Potential for Implementation Problems	On a scale from 1 to 10 rank the award according to its potential for implementation problems, 10 being the highly complex grant with the greatest potential for problems. (1 to 10 Points)	
4. Financial Viability and System Assessment	a. Recipient has a financial management system in place to track and record program expenditures. The accounting system identifies the receipts and expenditures of program funds separately for each award. (Answer Yes = 0 Points; Answer "No" = 10 Points) YES _____ No _____ N/A _____ b. Has the entity been timely in the draw down of previous DOI award funds? (Answer "Yes" = 0 Points; Answer "No" = 10 Points) YES _____ No _____ N/A _____ c. Are there any inconsistencies in the draw down of funds or inconsistencies in SF-425 Federal Financial Report? (Answer "Yes" = 0 Points; Answer "No" = 10 Points) YES _____ No _____ N/A _____	

Financial Assistance Risk Assessment Checklist

	d. Has the Federal Government, State, or other authority placed the entity in a special financial status (e.g. delinquent debt, fiscal emergency or high risk)? (Answer "Yes" = 0 Points; Answer "No" = 10 Points) YES _____ No _____ N/A _____	
5. Past Performance Reporting on Outcomes (from last fiscal year final performance progress report)	a. Met all (0 Points) b. Met most (85% or more) (5 Points) c. Met some (less than 85 %) (5 Points) d. Met none (10 Points)	
6. Staff Experience (check the statement that applies)	a. All staff are experienced in performing stated activities of award. (0 Points) b. Majority of staff are experienced in performing stated activities. (5 Points) c. Fewer than 50% of staff are experienced at performing stated activities. (10 Points)	
7. Organization Experience (check the ment that applies)	a. Organization has been providing services listed in the award at least five years. (0 Points) b. Organization has provided services similar to those listed in award more than 2 years but less than five years. (5 Points) c. Organization has provided same or similar services for less than two years. (10 Points)	
8. Staffing Level (1) (check the statement that applies)	a. Currently fully staffed. (0 Points) b.75% of positions currently filled. (5 Points) c. Less than 75% positions currently filled. (10 Points)	
9. Staffing Level (2) (check the statement that applies)	a. Staffing level sufficient to provide services in award. (0 Points) b. Staffing level insufficient but plans and resources in place to increase level. (5 Points) c. Staffing level insufficient with no plans or resources to increase. (10 Points)	
10. Timely Submission of Financial Status, Performance Progress Reports and Other Administrative Requirements.	Has the entity been timely in the submission of : Amendments Yes _____ No _____ N/A _____ Fiscal Reporting Yes _____ No _____ N/A _____	

Financial Assistance Risk Assessment Checklist

	Budget Revisions Yes_____ No_____ N/A _____ Performance Progress Yes _____ No _____N/A a. Financial and Progress Reports submitted on time. (0 Points) b. Financial and Progress Reports submitted within 60 days of deadline. (5 Points) c. Financial and Progress Reports submitted over 90 days late or N/A. (10 Points)	
11. Accrediting, Licensing or Eligibility Certification (check the statement that applies)	a. Organization properly licensed or certified by a recognized source (i.e., the Internal Revenue Service non profit determination letter, bonded and insured if performing construction related activities, etc.) (0 Points) b. Organization meets licensing/certification or is seeking validation from a recognized source. (5 Points) c. Not accredited, licensed or certified to meet minimum eligibility requirements of the award. (10 Points and May not be Eligible for Award)	
Equipment/Facility Adequacy	a. Equipment capable of handling additional needs of award. (0 Points) b. Equipment needs slight upgrade to meet award requirements. (5 Points) c. Equipment needs significant upgrade to meet the award requirements. (10 Points)	
13. Financial Audit	a. Audited in at least one of the two most recent periods? (Yes/No) b. Timely single audit report? (Yes = 0 Points - Moderate to Low Risk; No = 10 Points - High Risk). c. Single Audit Opinion on Major Program Compliance: - Unqualified (Low Risk) (0 Points) - Qualified (Moderate Risk) (5 Points) - Adverse/Disclaimer (High Risk) (10 Points) d. Significant Deficiencies in Internal Control Over Compliance: - None (Low Risk) (0 Points) - 1 to 2 (Moderate Risk) (5 Points)	

Financial Assistance Risk Assessment Checklist

	- More than 2 (High Risk) (10 Points) e. Findings for Non-Compliance for Federal Awards (High Risk): - None (0 Points) - 1 to 2 (5 Points) - More than 2 (10 Points)	
14. General Award Information	a. Number of Years DOI has Administered the Award: - 1 year (10 Points) - 2 to 3 years (5 Points) - 4 to 5 years (5 Points) - More than 5 years (0 Points) b. Program Complexity (on a scale from 1 to 10, with 10 being the most complex): c. Measurable Outputs (Y/N):	
15. Recipient Information: Number of years that recipient received the award.	- 1 year (10 Points) - 2 to 3 years (5 Points) - 4 to 5 years (5 Points) - More than 5 years (0 Points)	
TOTAL SCORE:		

Monitoring Level. These ranges listed should be considered as guidelines. Each award priority suggests the monitoring effort which should be undertaken. If during the negotiation process, it is determined that a higher level of monitoring is required adjustments should be made. Many times staff may have unique insights to the ability of a recipient to meet performance measures established.

Suggested Level of Monitoring Based on Total Score:

Monitoring Level	Award Weight
Low Risk Category A Monitoring	1 – 40
Moderate Risk Category B Monitoring	40 - 75
High Risk Category C Monitoring	75 or more

Low Risk Monitoring --- Telephone surveys first and third quarter; annual desk surveys. Monitoring of timely submissions of Financial Status Report and Performance Reporting.

Moderate Risk Monitoring --- Mid-quarter telephone surveys of recipient progress; minimum annual desk review. Monitoring of timely submissions of Federal Financial Status Report.

Financial Assistance Risk Assessment Checklist

High Risk Monitoring --- Annual site visit; minimum annual desk reviews; mid-quarter telephone surveys. Monitoring of timely submissions of Federal Financial Status Report and Performance Reporting.

Basis for Monitoring Level Decision _____

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DEPARTMENT OF THE INTERIOR
FINANCIAL ASSISTANCE EVALUATION QUESTIONNAIRE

The questionnaire is to be used during the financial assistance business process as a tool to assist staff with evaluating recipients during desk reviews or on-site monitoring visits. The questionnaire must be maintained in the award file.

I. Organization Policies and Procedures

A. General Information /Policies and Procedures. Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific-reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers. Please provide a copy of the policy, procedures or section thereof that supports your response to the questions marked with an asterisk – (*).

Note: Title 43 CFR Part 12 Administrative and Audit Requirements and Cost Principles for Assistance Programs; OMB Circular A 122 (now codified as 2 CFR Part 230) references apply to Non Profits, Hospitals and Educational Institutions; OMB Circular A 87 (codified as 2 CFR 225) references apply to States, Local Governments and Indian Tribes; and OMB Circular A 21 (codified as 2 CFR 220) references apply to Educational Institutions.

1. Who or which office(s) in your organization is/are responsible for reviewing, approving and signing applications, awards and amendments?

2. Who or which office(s) in your organization is/are responsible for monitoring and overseeing assistance agreements once received?

3. (*) Do you have a current Organizational Chart? Show or explain any non-profit or for-profit organization(s) and/or entities you're affiliated with.	☐ Yes	☐ No	☐ N/A

4. How does your organization keep up-to-date on federal regulations, legal decisions, OMB Circulars, etc.?

5. Does your organization have provisions for seeking written prior approvals for specific revisions, from the awarding agency under certain conditions?	☐ Yes	☐ No	☐ N/A

6. OMB Circulars require organizations receiving federal assistance agreements to have written policies and procedures for the following areas. Do your policies and procedures address the items described below?

a. Personnel, including qualifications for each position, duties and responsibilities, salary ranges, EEO, annual performance appraisals, types and levels of fringe benefits, and standards of conduct governing duties and responsibilities including disciplinary actions for not adhering to the standards, for employees engaged in the award and administration of contracts. (OMB A 122/2 CFR Part 230, Appendix B, paragraph 8; OMB A 87/2CFR Part 225, Appendix B, section 8; OMB A 21/2 CFR Part 220, Appendix A, section J.10);	☐ Yes ☐ No ☐ N/A

b. (*) Time reporting, tracked to each project; (OMB A 122/2 CFR Part 230 Appendix B, paragraph 8.m; OMB A 87/2 CFR Part 225, Appendix B, Section 8.h; OMB A 21/2 CFR Part 220, Appendix A, section J.10);	☐ Yes ☐ No ☐ N/A

c. Redistributions (Chargeback's); (i.e., other organizational department costs; written, established rates required);	☐ Yes ☐ No ☐ N/A

d. Payroll processing and internal controls; (OMB A 122/2 CFR Part 230, Appendix B, paragraph 8.m; OMB A 87/2 CFR Part 225, Appendix B, Section 8.h, OMB A 21/2 CFR Part 220, Appendix A, section J.10);	☐ Yes ☐ No ☐ N/A

e. Overtime (if allowed); OMB A 122 /2 CFR Part 230, Appendix B, paragraph 8,f; OMB A 87/2 CFR Part 225, Appendix B section 8; OMB A 21/2 CFR 220, Appendix A, section J.10);	☐ Yes ☐ No ☐ N/A

f. (*) Vacation and Sick Leave (if offered by your organization); (OMB A 122/2 CFR Part 230, Appendix B, paragraph 8g; OMB A 87/ 2 CFR Part 225, Appendix B, section 8.d; OMB A 21/2 CFR 220, Appendix A, Section J.10f;	☐ Yes ☐ No ☐ N/A

g. Compensatory time (if allowed). (OMB A 122/2 CFR Part 230, Appendix B, paragraph 8.d);	☐ Yes ☐ No ☐ N/A

h. Equipment and property purchases including cost and price analysis, purchase, use of, inventory and disposition of at the end of the project.	☐ Yes ☐ No ☐ N/A

(A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability when you do not have other proposals to compare costs against. A price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicators, together with discounts)

i. (*) Electronic Funds Transfers (EFT) drawdowns from DOI Bureau/Office accounts. Does your policy address who is authorized to request payment from the federal government, what procedures are used to verify that the request are accurate, and when drawdown of funds will occur;	☐ Yes ☐ No ☐ N/A

j. Receipt and deposit of advanced payments;	☐ Yes ☐ No ☐ N/A

k. Records retention;	☐ Yes ☐ No ☐ N/A

l. (*) Travel, authorizations, vouchering after the trip and, if required, trip reporting; (OMB A 122 / 2CFR Part 230, Appendix B, paragraph 51; OMB A 87 / 2CFR Part 225, Appendix B, section 43; OMB A-21 / 2 CFR 220, Appendix A, section J 53);	☐ Yes ☐ No ☐ N/A

m. (*) Procurement Standards for supplies, expendable property, equipment, real property and services. Standards for contracting, purchasing, consultant agreements, sub-awards or grants (if applicable, especially for monitoring sub awardees) and other types of awards that transfer federal funds outside of your organization;	☐ Yes ☐ No ☐ N/A

n. (*) Provisions for utilizing Small Businesses, Minority Owned Firms, Women's Business Enterprises, and Labor Surplus Area Firms (where possible);	☐ Yes ☐ No ☐ N/A

o. (*) Program income. Is it identified, authorized, accounted for, and are limitations placed on its use;	☐ Yes ☐ No ☐ N/A

p. Cost sharing, matching and In-Kind contributions. Is it identified, accounted for and reported; (OMB A 122 / 2CFR Part 230, Appendix B, paragraph 12; and OMB A 87 / 2CFR Part 225, Appendix B, section 12; OMB A-21 / 2 CFR 220, Appendix A, Section J.15(b))	☐ Yes ☐ No ☐ N/A

7. Do you have the following documents for each financial assistance award:

a. Original application and certifications; (SF 424, 424A, et al.)	☐ Yes ☐ No ☐ N/A

b. Work plans and/or statement of work;	☐ Yes ☐ No ☐ N/A

c. Initial award and all amendment documents;	☐ Yes ☐ No ☐ N/A

d. Request for and approvals of scope and/or budget changes;	☐ Yes ☐ No ☐ N/A

e. Financial Status Reports and reimbursement requests, if applicable;	☐ Yes ☐ No ☐ N/A

f. Payment requests backed up by financial records to support the request;	☐ Yes ☐ No ☐ N/A

g. Progress reports;	☐ Yes ☐ No ☐ N/A

h. Contracts / Subgrants;	☐ Yes ☐ No ☐ N/A

i. Purchases;	☐ Yes ☐ No ☐ N/A

j. Consultant agreements;	☐ Yes ☐ No ☐ N/A

k. Correspondence and approvals, including emails to and from DOI Bureau/Office Heads.	☐ Yes ☐ No ☐ N/A

II. Accounting and Financial Management

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers. Please provide a copy of the policy, procedure or section thereof that supports your response to the questions marked with an asterisk - **(*)**.

A. Accounting

1. Does your organization have an accounting manual? The 43 CFR requires certain accounting practices / procedures addressed in the questions below to be written.	☐ Yes ☐ No ☐ N/A

2. Does your organization's accounting and financial management system(s) follow Generally Accepted Accounting Principles (GAAP)? (OMB Circular A-122 /2CFR Part 230, Appendix A, paragraph A.2.e; OMB A 87 / 2CFR Part 225, Appendix B, section 8, OMB Circular A 21 / 2 CFR 220, Appendix A, section J)	☐ Yes ☐ No ☐ N/A

3. Does your organization's accounting and financial management system(s) provide accurate, current and complete disclosure of the financial results of each federally-sponsored project or program (i.e. each award is accounted for separately), and produce financial reports in accordance with the requirements of 43 CFR Part 12.60?	☐ Yes ☐ No ☐ N/A

4. Does your organization's financial management system(s) provide records that adequately identify the source and application of funds for federally-sponsored activities, such as authorizations, obligations, unliquidated obligations, assets, outlays, income and interest? ☐ Yes ☐ No ☐ N/A

5. Does your organization's financial management system(s) provide effective control over, and accountability for all funds, property and other assets, including ensuring that all such assets are used solely for purposes authorized by the awards? ☐ Yes ☐ No ☐ N/A

6. (*) Does your organization have written policies and procedures to ensure that costs are reasonable, allocable and allowable? OMB Circular A-122 / 2CFR Part 230, Appendix A, Section A, OMB Circular A-87 / 2CFR Part 225, Appendix A, Section C; OMB Circular A 21 / 2 CFR 220, Appendix A,, Section C) ☐ Yes ☐ No ☐ N/A

7. Does your organization monitor allowable costs to ensure they are charged to the ~~grant~~ within the specified period. ☐ Yes ☐ No ☐ N/A

8. Does your financial management system(s) report and provide for a comparison of outlays or ~~grant~~ project expenditures, with budget amounts for each grant project/award or have the capability to do so? ☐ Yes ☐ No ☐ N/A

9. Does your organization have budgetary controls to preclude incurring excess expenditures? ☐ Yes ☐ No ☐ N/A

10. Does your accounting system have provisions for reviewing and monitoring project budgets and program plans, and reporting and rectifying deviations that may occur in them? ☐ Yes ☐ No ☐ N/A

11. Do you have a current audit? ☐ Yes ☐ No ☐ N/A

12. If your organization expended more than $500,000 of Federal funds in the most recent fiscal year, did you obtain an audit in accordance with OMB Circular A-133? ☐ Yes ☐ No ☐ N/A

13. If your organization had an A-133 Audit performed, were there any findings, material weaknesses or reportable conditions identified? If there were, briefly explain or provide a copy of the findings section and your corrective actions taken. ☐ Yes ☐ No ☐ N/A

14. If your organization requests reimbursement for indirect costs under the grant award, does your organization have an approved indirect cost rate? (OMB Circular A-122 / 2CFR Part 230, Appendix A, Section C and D; OMB Circular A-87 / 2CFR Part 225, Appendix E or OMB Circular A 21 / 2 CFR 220, Appendix A,, Section G). ☐ Yes ☐ No ☐ N/A

15. (*) Does your organization have written procedures for drawing grant funds and issuing payments? Note: Payment requests should be restricted to immediate needs, i.e. drawing down funds 3 to 5 working days in advance of disbursements. ☐ Yes ☐ No ☐ N/A

16. What type of accounting and financial management system(s) does your organization use? Name of automated system(s) ☐ Yes ☐ No ☐ N/A

17. Are accounting records supported by source documentation? ☐ Yes ☐ No ☐ N/A

B. *Personnel/Timekeeping* (Ref: OMB Circular A-122 / 2CFR Part 230, Appendix B, section 8, OMB Circular A-87 / 2CFR Part 225, Appendix B, section 8 or OMB Circular A 21 / 2 CFR 220, Appendix A, section J, paragraph 10)

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1. Does your organization have written payroll policies and procedures? ☐ Yes ☐ No ☐ N/A

2. Do your employees record: actual hours worked directly on all projects, indirect or administrative time not charged directly to a project, and leave taken? ☐ Yes ☐ No ☐ N/A

3. For those employees required to work away from the office, are actual hours worked documented?	☐	Yes	☐	No	☐	N/A

4. Do payroll registers and reports match up with costs for each employee whose compensation is charged to an assistance agreement?	☐	Yes	☐	No	☐	N/A

5. Are timesheets required to be signed by the individual or supervisor?	☐	Yes	☐	No	☐	N/A

C. Personnel/Payroll

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

Does your organization's written policies and procedures provide for the following controls for the payroll function?

1. Does the policy provide adequate separation of duties?	☐	Yes	☐	No	☐	N/A

2. Are salaries and wage rates established, authorized and approved in your organization to ensure equity?	☐	Yes	☐	No	☐	N/A

3. Does your payroll process ensure that all deductions from employee's salaries are authorized by the employee, and proper?	☐	Yes	☐	No	☐	N/A

4. How are payrolls distributed?	☐	EFT	☐	Manual Checks	☐	Both

5. If checks are distributed manually, are there sufficient controls to ensure that payroll checks are distributed to the correct employee?	☐ Yes ☐ No ☐ N/A

D. Travel (Ref: OMB Circular A-122 / 2CFR Part 230, Appendix B, sections 51, OMB Circular A-87/ 2 CFR 225, Appendix B, section 43 or OMB Circular A 21 / 2 CFR 220, Appendix A, Section J, paragraph 53)

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1. Does your organization have written travel policies and procedures?	☐ Yes ☐ No ☐ N/A

2. Are internal controls in place to ensure that employees follow your organization's travel policy, i.e. levels of review prior to authorizing payment and that the travel was associated with the specific project?	☐ Yes ☐ No ☐ N/A

3. Are internal controls in place to ensure that travel and time reporting support the employee's activities while on travel?	☐ Yes ☐ No ☐ N/A

4. Do the policies and procedures include provisions to ensure that travel costs are allowable, allocable and reasonable ?	☐ Yes ☐ No ☐ N/A

E. Matching, Cost Sharing, In-Kind Contributions and Program Income

Title 43 CFR Part 12.64-12.65 provides criteria on the acceptability, purpose, and types of contributions made in relation to cost sharing or matching purposes, and the support for such. Also, addressed is the accounting for Program Income related to Federally funded projects.

Many of the questions below have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1. Does your organization currently have any Matching, Cost Sharing and/or In-Kind costs included in any active awards or anticipate any of these types of costs in the foreseeable future? No _____ (Skip this entire section) Yes ____ Please complete the rest of this section.	☐ Yes ☐ No ☐ N/A

2. Do any of the matching costs come from another federal grant(s)? (If Yes,	☐ Yes ☐ No ☐ N/A

it must be authorized in the terms and conditions of the assistance agreement)

3. Are these costs identified in the approved grant project budget?	Yes	No	N/A

4. Does your organization track, record, report and verify these costs?	Yes	No	N/A

5. Are all matching costs verifiable from accounting records and valued according to applicable OMB Circular cost principles?	Yes	No	N/A

Circular A-122 /2CFR Part 230, Appendix B, paragraphs 8 & 12; OMB Circular A-87 / 2CFR Part 225, Appendix B, paragraphs 8 & 12 or OMB Circular A 21 / 2 CFR 220, Appendix A, section J paragraph 15 refer to donations, contributions and program income.

6. Has any program income been used to satisfy the recipient's contribution for any current award or added to the funds committed for the project?	Yes	No	N/A

7. Is there a term and condition in the award that permits the use of program income for match requirements or for adding it to the funds committed to the project?	Yes	No	N/A

8. If there is no term and condition, has the program income been deducted from the total allowable project cost?	Yes	No	N/A

F. Procurement/Contracts/Subagreements

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers. Please provide a copy of the policy, procedure or section thereof that supports your response to the questions marked with an asterisk - (*).

1. Does your organization have written procurement policies and procedures?	☐ Yes	☐ No	☐ N/A

2. Has your organization awarded contracts or subagreements under any of the award agreements being reviewed? (Agreements refer to subgrant(s). Subgrant(s) mean an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee, subrecipient or by a subrecipient to a lower tier subrecipient. This includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases of goods and services.)	☐ Yes	☐ No	☐ N/A

3. Were contracts awarded in accordance with your organization's contracting policy and does this policy comply with 43 CFR Part 12, as described below:

a) (*) Contains a written code of conduct that addresses conflict of interests and disciplinary actions.	☐ Yes	☐ No	☐ N/A

b) Provides for competing transactions in a free and open manner.	☐ Yes	☐ No	☐ N/A

c) Provides for: a review to avoid unnecessary purchases, a review of lease vs. purchase alternatives (when appropriate), conducting solicitations with a clear scope of work and bidder requirements, conserving natural resources, and utilizing small, MBE and WBE firms when possible.	☐ Yes	☐ No	☐ N/A

d) Requires performing and documenting a cost analysis for sole source procurements. (A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability when you do not have other proposals to compare costs against.)	☐ Yes	☐ No	☐ N/A

e) (*) Requires performing and documenting a price analysis for competitive bidding and small purchase procurement actions. (A price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts.)	☐ Yes	☐ No	☐ N/A

f) Requires documenting the basis for all procurement selections, justifying a lack of competition and basis for award cost and price.	☐ Yes ☐ No ☐ N/A

g) Discusses purchase/agreement /contract cost thresholds (small purchases vs. major procurements) and personnel required to approve procurements.	☐ Yes ☐ No ☐ N/A

h) Has provisions that no contract or sub award will be entered into with parties that are debarred, suspended or excluded from Federal assistance programs.	☐ Yes ☐ No ☐ N/A

4. Do any of your organization's contracts for grant projects exceed the Federal small purchases threshold, ($100,000)?	☐ Yes ☐ No ☐ N/A

5. If Yes, did DOI Bureau/Office request to review the contract prior to award?	☐ Yes ☐ No ☐ N/A

6. If Yes, did DOI Bureau/Office provide written comments?	☐ Yes ☐ No ☐ N/A

7. Does your organization use a pre-qualified list of persons, firms or products to acquire goods and services?	☐ Yes ☐ No ☐ N/A

8. Did your organization follow its procurement policies to place and update vendors on the list?	☐ Yes ☐ No ☐ N/A

9. Has your organization established an affirmative procurement system for recycled materials and compliance with environmental statutes?	☐ Yes ☐ No ☐ N/A

10. Does your organization have internal control processes to ensure that only	☐ Yes ☐ No ☐ N/A

required goods and services are acquired in quantities needed?

11. Does your organization have internal control processes to ensure that only acceptable goods and services are paid for by the accounting/finance department? ☐ Yes ☐ No ☐ N/A

12. Does your organization have guidelines for documenting its contract files? ☐ Yes ☐ No ☐ N/A

13. Has your organization awarded contracts to consultants under current assistance agreements? ☐ Yes ☐ No ☐ N/A

14. Are internal controls for consulting agreements in place to ensure that your organization does not charge financial assistance agreements more than the authorized direct salary cap? ☐ Yes ☐ No ☐ N/A

15. Do your consulting agreements specify the services to be provided, engagement duration, reporting requirements, work location and pay rates including base rate, fringe benefits and overhead? ☐ Yes ☐ No ☐ N/A

G. *Property Management*

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1. Does your organization have written property management policies and procedures? ☐ Yes ☐ No ☐ N/A

2. Has your organization purchased capital equipment on any of its active assistance agreements?) Yes ___ (Please complete this section) No ___ (Go to Section I) ☐ Yes ☐ No ☐ N/A

Equipment, under the Federal Guidelines, is equipment that is considered tangible items with a useful life greater than one year and greater than $5,000 in value. Recipients may have limits that are different then the Federal Guidelines. That is acceptable as long as the limits are not greater then the Federal Guidelines.

3. Does your organization have an inventory control system?	☐ Yes	☐ No	☐ N/A

4. Does your organization maintain property records that identify equipment purchased, either entirely or partially, with Federal funds?	☐ Yes	☐ No	☐ N/A

5. Does your organization perform a property inventory at least every two years? Date of last inventory:	☐ Yes	☐ No	☐ N/A

6. Does your organization maintain records of property dispositions?	☐ Yes	☐ No	☐ N/A

Internal Controls

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1. Does your organization have policies and procedures to ensure compliance with the cash management requirements in 43 CFR?	☐ Yes	☐ No	☐ N/A

a. Does your organization have an internal auditor or audit staff or someone that provides for an independent review of the accounting and financial management process, cash receipts and payments, and safeguarding of assets?	☐ Yes	☐ No	☐ N/A

2. Does your organization have policies and procedure to ensure compliance with closing out assistance awards after the performance and budget periods?	☐ Yes	☐ No	☐ N/A

3. Does your organization have a process in place to ensure compliance with the Programmatic Term and Conditions in the following areas:

a. Submitting programmatic progress reports;		Yes		No		N/A

III - Transaction Testing

A minimum of three non consecutive draws from different grants will be selected for review. The draws will be from a specific time period being reviewed.

(*) As the recipient, you will be required to provide documents (invoices, timesheets, contracts, ledger excerpts) that identify and support the selected funds drawn.

MONITORING REPORT

This report provides the grant/program manager's substantive assessment of project implementation, and will serve to give guidance in determining any required corrective actions. Upon completion, and following review by the director or senior official, the original will be filed in the award file.

AWARD NUMBER:_____

AWARD TITLE:_____

RECIPIENT:_____

GRANT MANAGER:_____

SUMMARY OF PROGRESS

(Discuss the status of the project in relation to major workplan milestones. Address: 1) number of clients served as compared with projection; 2)staffing; 3) activities undertaken, and 4) significant accomplishment.)

MONITORING

(Indicate dates of site visits or telephone monitoring, staff interviewed, location visited, project elements reviewed, products reviewed.)

ISSUES/PROBLEMS

(Discuss significant new issues/problems with respect to projected milestones, audits, staffing, client flow, departures from approved goals, late reports, etc.)

PROGRAM IMPLEMENTATION

(Indicate milestones met this quarter and identify milestones scheduled to occur in the following quarter.)

ACTIVITIES/PRODUCTS

(Identify any reports or products that were submitted during the quarter, and identify those due the following quarter.)

CORRECTIVE ACTIONS

(Indicate actions taken and proposed by grant manager with respect to resolving problems.)

ASSESSMENT OF QUALITY OF IMPLEMENTATION

Is project being implemented on schedule? Are the activities impacting the goals and objectives as outlined in approved application?

SITE VISIT REPORT

AWARD NUMBER:_____

AWARD TITLE:_____

AWARD RECIPEINT:_____

GRANT MANAGER:_____

SITE(S) VISITED:_____

DATES:_____

This document is to be completed following monitoring visits. The original report is to be placed in the official award file. The report will contain the following:

ACHIEVEMENTS IN THE PROJECT IMPLEMENTATION PLAN:

PROBLEMS AND/OR ISSUES ADDRESSED:

DEVIATIONS FROM THE IMPLEMENTATION PLAN:

COMPLIANCE WITH SPECIAL CONDITIONS:

RECOMMENDATIONS:

(Be specific with respect to time and objectives.)