



DEPARTMENT OF  
JUVENILE SERVICES

## POLICY

**SUBJECT:** Subrecipient Monitoring Policy  
**NUMBER:** MGT-650-22  
**APPLICABLE TO:** All Support Services staff

**APPROVED:** \_\_\_\_\_

A handwritten signature in blue ink, appearing to read "Sam Abed", is written over a horizontal line.

**Sam Abed, Secretary**

**DATE:** 10/20/2022

### **I. POLICY**

This policy applies to all sub awards issued by the Department of Juvenile Services (DJS) under federal and non-federal sponsored prime awards made to DJS. This policy does not apply to professional services and consultation agreements or the procurement of goods or services from contractors. This policy ensures subrecipients achieve performance goals and comply with federal laws and regulations and with the provisions of any agreement that govern the sub-award.

### **II. AUTHORITY**

1. [2 CFR Part-200 – OMB Uniform Guidance](#)
2. Md. Code Ann., Human Services, §9-203 and §9-204

### **III. DIRECTIVES/POLICIES RESCINDED**

None

### **IV. FAILURE TO COMPLY**

Failure to comply with the Department's Policy and Procedures shall be grounds for disciplinary action up to and including termination of employment.

### **V. STANDARD OPERATING PROCEDURES**

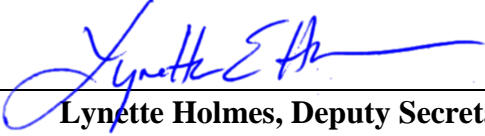
Standard operating procedures have been developed.

**VI. REVISION HISTORY**

<b>SUMMARY OF REVISION</b>	<b>DATE OF REVISION</b>
New policy issued.	10/20/22

## PROCEDURES

**SUBJECT:** Subrecipient Monitoring Policy  
**NUMBER:** MGT-650-22  
**APPLICABLE TO:** All Support Services staff

**APPROVED:**   
Lynette Holmes, Deputy Secretary

**DATE:** 10/20/22

### **I. PURPOSE**

DJS is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of sponsored funds. This policy and procedures address DJS' responsibilities and assists DJS Grant Managers and Fiscal Staff in ensuring that, in addition to achieving performance goals, subrecipients comply with federal laws and regulations and with the provisions of any agreement that govern the sub-award.

### **II. DEFINITIONS**

*Audit finding* means deficiencies which the auditor is required by 2 C.F.R. §200.516(a) Audit findings, to report in the schedule of findings and questioned costs.

*Budget* means the financial plan for the project or program that the federal awarding agency or pass-through entity approves during the federal award process or in subsequent amendments to the federal award. It may include the federal and non-federal share or only the federal share, as determined by the federal awarding agency or pass-through entity.

*Contract* is a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor.

*Contractor* is an entity that receives a contract as defined in the contract as defined above and in 2 C.F.R. 200.1.

*Corrective Action* means action taken by the auditee, identifying and addressing the audit findings that: (a) corrects identified deficiencies; (b) produces recommended improvements; or (c) demonstrates that audit findings are either invalid or do not warrant auditee action.

*Federal Audit Clearinghouse (FAC)* is the website designated by the Office of Management and Budget (OMB) as the repository of record where non-federal entities are required to transmit the reporting packages as required by OMB Uniform Guidance (UG) Subpart F—Audit Requirements of 2 C.F.R. Part 200.

*Fiscal Staff* are identified by the Deputy Secretary of Support Services to carry out all grant management activities related to budgets, invoices, audits, and compliance with State and federal requirements.

*Grant Manager* is identified by the Deputy Secretary of Support Services to carry out all grant management activities and to ensure compliance with federal rules and regulations.

*Grant Management Team* includes the appointed Grant Manager, Program Manager and Fiscal Staff.

*Non-federal entity* means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

*Office of Management and Budget (OMB)* means the office within the Executive Office of the President of the United States and helps a wide range of executive departments and agencies across the Federal Government to implement the commitments and priorities of the President. The OMB is responsible for the Uniform Guidance, the set of rules and regulations governing any federal grant.

*Pass-through entity* means a non-federal entity that provides a sub-award to a subrecipient to carry out part of a federal program.

*Prime Recipient* means a non-federal entity that receives an award directly from a federal awarding agency to carry out an activity under a federal program.

*Program Manager* is identified by the Deputy Secretary of Support Services to ensure the programmatic aspects of the grant are being implemented pursuant to the terms and conditions of the grant award.

*Sub-award* is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. A sub-award does not include payments to a contractor or payments to an individual who is a beneficiary of a federal program. A sub-award may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

*Subrecipient* means a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program. A subrecipient may also be a recipient of other awards directly from a federal awarding agency.

*Subrecipient Monitoring* means activities undertaken to review the financial status and management controls of (a) subrecipient(s) to mitigate the risk of contracting with (a) subrecipient(s).

### III. **PROCEDURES**

- A. The Deputy Secretary of Support Services shall identify a Grant Manager, a Fiscal Staff member, and a Program Manager to carry out the responsibilities for each federal and non-federal grant as contained in these procedures.
- B. **General Responsibilities.** As a recipient of more than \$750,000 in federal funds per fiscal year, DJS must ensure that its subrecipients comply with the OMB Uniform Guidance. 2 C.F.R. Part 200. DJS' responsibilities include:
1. Evaluating subrecipient risk of non-compliance with federal statutes, regulations and the terms and conditions of the sub-award to determine the appropriate level of subrecipient monitoring;
  2. Ensuring that federal funds are used for authorized purposes in accordance with federal statutes, regulations, and the terms and conditions of the sub-award;
  3. Reviewing financial and programmatic reports to ensure proper stewardship of sponsor funds;
  4. Conducting on-going review of activities and overseeing subrecipient progress to ensure that performance goals (scope of work or specific aims) are achieved;
  5. Verifying that the subrecipient is audited if required by audit requirements in OMB Uniform Guidance; and
  6. Issuing management decisions on audit findings related directly to DJS prime awards, after receipt of the subrecipient's audit report, and ensuring that subrecipients take appropriate and timely corrective action;
  7. Ensuring that every sub-award is clearly identified to the subrecipient as a sub-award and the subrecipient is aware of their responsibilities under 2 C.F.R. § 200.332(a), [Requirements for Pass-through Entities](#).
- C. **Pre-Award Responsibilities.** The DJS Grant Manager shall:
1. During the proposal phase or as prospective subrecipients are identified, a make a case-by-case determination as to whether each agreement casts the party receiving the funds in the role of a subrecipient or a contractor. (See **Appendix 1 - Subrecipient vs Contractor Classification Guidance Document**);
  2. Prior to issuing a sub-award, perform a risk assessment of the subrecipient and identify any additional monitoring requirements and/or special terms and conditions that may be necessary to monitor the subrecipient appropriately;

3. Verify that the subrecipient has not been debarred or suspended from receiving federal funds prior to issuing the initial sub-award and for any subsequent amendment;
4. For subrecipients deemed to require closer monitoring, impose additional award conditions as needed; and
5. Verify subrecipients, if applicable, are audited as required by the Audit Requirements in the OMB Uniform Guidance and will review the subrecipients' audit reports to assess audit findings, if any.
6. Issue management decisions for audit findings that relate to awards DJS makes to subrecipients and do so within six months of the acceptance of the audit report by the Federal Audit Clearinghouse (FAC).
7. Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies provided to the subrecipient directly related to DJS' prime awards detected through audits, on- site reviews, and other means.
8. For subrecipients not subject to Audit Requirements of the OMB Uniform Guidance, request audited financial statements, the Audit Certification or Financial Status Questionnaire.
9. Develop and maintain subrecipient monitoring tools and provide training and guidance in interpreting regulations and subrecipient award terms and conditions.

#### **D. Post Award Responsibilities.**

1. The Grant Management Team shall communicate regularly with subrecipients and review progress/ programmatic reports or other specified deliverables on a timely basis to ensure that the sub-award funds are being used only for authorized purposes and those performance goals are being achieved. Any issues should be investigated, documented, and resolved by the Grant Manager.
2. The Grant Manager and Fiscal Staff shall monitor receipt of progress/ programmatic reports and other deliverables for timeliness.
  - a. Review and document the review of financial reports and invoices received from the subrecipient. The **Subrecipient Invoice Checklist (Appendix 2)** should be used as a guide for reviewing subrecipient invoices.
  - b. Request that the subrecipient provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. The Grant Manager and Fiscal Staff may request detailed justification to verify that the costs are allowable.
  - c. Review and sign invoices received from the subrecipient to ensure that the subrecipient is in compliance with federal statutes, regulations, and the terms and conditions of the sub-award.
  - d. Verify that the subrecipient's indirect costs as charged are in compliance with the indirect cost rate specified in the sub-award.
  - e. Communicate with the Grant Program Manager regarding any change in expectations of performance of work, payment terms, change in key personnel, reporting requirements, budgeting, deliverables, etc.

**IV. RESPONSIBILITY**

Administrators are responsible for implementation and compliance with this procedure within 30 days of issuance

**V. INTERPRETATION**

The Deputy Secretary of Support Services shall be responsible for interpreting and granting any exceptions to these procedures.

**VI. LOCAL OPERATING PROCEDURES REQUIRED**

No

**VII. DIRECTIVES/POLICIES REFERENCED**

None

**VIII. APPENDICES**

1. Subrecipient vs Contractor Classification Guidance Document
2. DJS Subrecipient Invoice Checklist



## DJS POLICY AND STANDARD OPERATING PROCEDURES

### Statement of Receipt and Acknowledgment of Review and Understanding

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**POLICY: Subrecipient Monitoring Policy**  
**NUMBER: MGT-650-22**  
**APPLICABLE TO: All Support Services Staff**

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I have received and reviewed a copy (electronic or paper) of the above titled policy and procedures. I understand the contents of the policy and procedures.

I understand that failure to sign this acknowledgment form within five working days of receipt of the policy shall be grounds for disciplinary action up to and including termination of employment.

I understand that I will be held accountable for implementing this policy even if I fail to sign this acknowledgment form.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINT FULL NAME

\_\_\_\_\_  
DATE

\_\_\_\_\_  
WORK LOCATION

***SEND THE SIGNED COPY TO YOUR SUPERVISOR  
FOR PLACEMENT IN YOUR PERSONNEL FILE.***





# Office of Justice Programs

## Checklist to Determine Subrecipient or Contractor Classification

**INSTRUCTIONS:** *To help make the determination, please first review the [Office of Justice Programs \(OJP\) Subaward vs Procurement Contract Toolkit](#). Complete Sections 1 and 2 which describe the characteristics that may be present in subrecipient and contractor relationships. The section with the greatest number of marked characteristics indicates the likely type of relationship. ***The substance of the relationship should be given greater consideration than the form of agreement between the prime recipient and the outside entity.*** Section 3 should be used to provide a written justification for determining the proper relationship classification. Maintain a copy of this form in the subaward or procurement file.*

### **DEFINITIONS FROM UNIFORM GUIDANCE (2 CFR, PART 200):**

#### **§200.86 Recipient**

*Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.*

#### **§200.69 Non-Federal entity**

*Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.*

#### **§200.92 Subaward**

*Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. ***A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.****

#### **§200.93 Subrecipient**

*Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.*

#### **§200.22 Contract**

*Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.*

#### **§200.23 Contractor**

*Contractor means an entity that receives a contract as defined in §200.22 Contract.*

**NAME OF SUBRECIPIENT/CONTRACTOR ENTITY:** \_\_\_\_\_

### **SECTION 1 - SUBRECIPIENT**

**Description:** *A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship between the recipient and the subrecipient. Subrecipients may have one or more of the following characteristics:*

1. May determine who may be eligible to receive Federal assistance under the program guidelines. *For example: A subrecipient that identifies mentors and mentees under a mentoring program.*
2. Has its performance measured in relation to whether objectives of a Federal program were met. *The recipient will rely upon the subrecipient's data to submit its own performance data to OJP.*
3. Has responsibility for programmatic decision making. *For example: If the recipient funds a subrecipient to develop (or improve) a particular program and the subrecipient will use its own judgment, discretion, and expertise to develop all or part of the program.*
4. In accordance with its subaward agreement (which may be in the legal form of a contract), the subrecipient uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the recipient. *For example: To provide crime- or criminal-justice-related services (and, in the case of crime victims, compensation) to individual members of the public, such as victims of crime, or at-risk youth.*
5. The subrecipient will not earn a profit under the arrangement.
6. The subrecipient is required to contribute cash or in-kind match in support of the subaward.

### **SECTION 2 - CONTRACTOR**

**Description:** *A contract is for the purpose of obtaining goods and services for the recipient's own use and creates a procurement relationship between the recipient and the contractor. A contractor relationship may have one or more of the following characteristics:*

1. Provides goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program. *Examples include but are not limited to: Office equipment, supplies, software licenses, reference books, chemical reagents, cell phones, body-worn cameras, body armor, internet services, cell phone service, website hosting, copying/printing, lodging*
5. The entity may earn a profit under the contract.

**FINAL DETERMINATION:**

**SUBRECIPIENT**

**CONTRACTOR**

**SECTION 3 - Justification**

*In determining whether an agreement between a recipient and another non-Federal entity reflects a subrecipient or a contractor relationship, the substance of the relationship is more important than the form of the agreement. Considering the characteristics checked above, provide a written justification for the final determination of either a subrecipient or contractor relationship.*

*The checklist and justification should be prepared by the person who signed the subaward or contract agreement and reviewed by the Point of Contact (POC) or Financial Point of Contact (FPOC).*

*Justification of Determination:*

**Prepared By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Reviewed By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_

# Department of Juvenile Services

## Sub-recipient Invoice Check List

The Sub-recipient Invoice Review Checklist is a tool designed for reviewing sub-recipient invoices.

- Is the sub-award fully-executed?
- Does the total amount of the invoice reconcile with the expenses listed by category? Sum the expenses by category to ensure that the total agrees to the invoice amount.
- Was the Facilities and Administrative Cost (F&A) calculated using the correct and agreed upon rate for the sub-recipient? Re-calculate the F&A, excluding any expenses exempt from F&A.
- Does the cumulative total on the invoice match the total paid-to-date per DJS Fiscal records plus the amount of the current invoice?
- Is the invoice period clearly stated? Were all expenses incurred within the sub-award start and end dates? If the invoice dates fall outside the sub-award period, contact the sponsor.
- Have the invoice number, period and expenses been checked for duplicates, gaps or other inconsistencies?
- Does the invoice reference the grant award number? If not, contact the sub-recipient to add to future invoices.
- Are the cumulative expenses within the overall approved budget amount? Ensure that sub-recipients are not invoicing for amounts over the approved budget.
- Are the expenses as categorized allowable per the sub-award and the prime award? The prime award requirements and budget restrictions flow down to the sub-recipient and some expenditure may require specific approval.
- Does the invoice have an institutional official signature and if federal, contain the following statement: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”
- If the terms of the sub-award include cost sharing requirements, does the invoice contain the required cost sharing information?
- If the invoice is the final invoice, is it marked “FINAL”?
- Have any progress reports required to date under the terms of the agreement been received and accepted?
- Are the expenditures on the invoice in line with the approved sub-award budget? If, for example, travel expenses were not anticipated but appear on the invoice, contact the sub-award Investigator for additional information.
- Do the expenditures shown on the invoice seem reasonable in relation to the amount of time and work expected of the sub-recipient to date?
- For final invoices, have any final technical, invention and property reports required by the award been received, reviewed and approved? Have all cost sharing requirements been met? Final invoices are only to be approved and signed if the Grant Manager and Fiscal Staff is satisfied that the sub-recipient has completed its performance under the award, submitted all required reports and/or other deliverables, and that the costs incurred are appropriate for that performance.

If the answer to all of these questions is “yes”, obtain Grant Manager and Fiscal Staff signature on the sub-recipient invoice.

**REMEMBER:** Most invoices do not include a large amount of detail. Ask the sub recipient for back-up documentation for all elements of a first invoice and on specific budget line items if something does not appear correct on subsequent invoices. **IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED.**