

Post-Award Risk-Based Monitoring

Risk-Based Monitoring System: A written approach for assessing risks of subgrantees and determining appropriate strategies for monitoring them based on their current assigned risk level.

- Establish appropriate risk factors to be considered
- Assign weights to various factors
- Review factors for each subgrantee
- Establish risk level for each subgrantee
- Review and adjust risk levels as changes occur
- Consider need, priorities, available resources, and frequency for monitoring
- Determine appropriate monitoring strategy and develop a plan for each subgrantee

Risk-Based Monitoring will help identify:

- Potential vulnerabilities in managing Federal funds
- Best methods to help mitigate vulnerabilities or identified problems for each subgrantee
- Needs for training, technical assistance, and monitoring
- Most appropriate monitoring and oversight strategies for each subgrantee
- Priorities for monitoring activities
- Most effective and efficient use of your resources

Possible Risk Factors (Assessments Areas):

- **Organization** – size, age, experience with CNCS or Federal funding, changes
- **Award** – size, complexity, multiple awards
- **Financial** – weaknesses; too many or too few draw-downs; improper, unallowable or over expenditures; large unexpended balances; concerns with meeting match requirements
- **Compliance** – noncompliance with award requirements; incomplete, inaccurate or late financial or program reports

- **Staff** – new, experience with similar awards, requirements, projects, changes
- **Changes** – key staff, budget, major project design or scope
- **Issues** – audit issues, previous monitoring reviews; cooperation or response to inquiries; serious staff or member issues; expenditure and match documentation
- **Program** – multi-site; partners or subcontractors; innovative/untested program/project design; performance/progress; inadequate performance measures; participant enrollment/retention

Recognize Differences between prime grantee and among different sites relating to:

- **Policies and procedures**
 - travel, procurement, timekeeping, property management, record retention
- **Standards for operations**
 - Approval process and authorization levels
 - Expenditure and match documentation
 - Cash versus accrual reporting
 - Accounting information, e.g., chart of accounts
 - Levels of available resources, e.g., personnel, funding
 - Different applicable OMB circulars & requirements
 - Conflicts with CNCS regulations and guidance

Examples of Risk Levels (Priorities) and Possible Monitoring Strategies:

- **High Priority** – early, annual or more frequent on-site reviews; desk reviews, technical assistance, training
- **Medium Priority** – one annual on-site review; desk reviews
- **Low Priority** – desk reviews; routine monitoring

Periodically Reassess Risk (Priority) Levels and change where appropriate
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Monitoring Activities

- Desk Monitoring
 - Review documents from grantees, such as invoices and supporting documentation
 - Review financial and programmatic reports to determine whether programmatic activities correlate to financial reports
 - Follow-up on issues, updates, requests for information and other relevant operating issues

- On-Site Monitoring
 - Review documentation that were impractical to obtain remotely
 - Interview program personnel different from prime contacts to validate information previously received or to obtain a varied perspective
 - Oversee sample program activities ongoing during site visit
 - Verify that issues or corrected action were actually resolved or corrected as earlier reported