

## DHHS POLICIES AND PROCEDURES

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| <b>Section IV:</b>              | <b>General Administration</b>         |
| <b>Title:</b>                   | <b>Subrecipient Monitoring Manual</b> |
| <b>Chapter:</b>                 | <b>Reporting</b>                      |
| <b>Current Effective Date:</b>  | <b>12/1/02</b>                        |
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### Reporting

Through periodic reporting subrecipients provide some assurance that funds are being managed efficiently and effectively to accomplish the objectives for which the funds were provided. State and federal program requirements call for a variety of financial, performance and special reporting. The objective of monitoring reporting is to confirm that the subrecipients use prescribed standard reporting forms, include all fiscal/programmatic activity of the reporting period, reports are supported by underlying accounting or performance records and reports are a fair and reasonable representation of actual performance in accordance with program requirements.

Financial, performance and special reporting are specified in the Compliance Supplements. Reporting requirements are contained in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program.

#### **Suggested Monitoring Procedures:**

##### ***For subrecipients assessed as low risk:***

1. Review applicable laws, regulations, and the provisions of contract or grant agreements pertaining to the program for reporting requirements. Determine the types and frequency of required reports. Obtain and review instructions for completing the reports.
  - A. For financial reports, inquire of the agency to determine the accounting basis used in reporting the data (e.g., cash or accrual).
  - B. For performance and special reports, inquire of the agency to determine the criteria and methodology used in compiling and reporting the data.
2. Monitor the receipt of reports to ensure that required reports are received in the proper format on a timely basis.

##### ***For subrecipients assessed as medium risk:***

In addition to the procedures outlined above for low risk subrecipients:

1. Select a sample of reports received. Perform appropriate analytical procedures and ascertain the reason for any unexpected differences.
  - A. Compare current period reports to prior period reports. Look for internal consistency, e.g. are there unexplained wide variations in expenditures from month to month or in numbers of clients served.
  - B. Compare anticipated results to the data included in the reports.
  - C. Compare activity levels reported to expenditures. Do they appear to be consistent, in other words, if expenditures are high was there a correspondingly high number of clients or service events reported?

***For subrecipients assessed as high risk:***

In addition to the procedures outlined above for low and medium risk subrecipients:

1. Select a sample of each of the following report types:
  - A. Financial reports
    1. Ascertain if the financial reports were prepared in accordance with the required accounting basis.
    2. Trace the amounts reported to the accounting records that support the expenditures and verify agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records.
    3. For any discrepancies noted in the financial reports, review subsequent reports to ascertain if the discrepancies were appropriately resolved.
  - B. Performance and special reports
    1. Trace the data to records that accumulate and summarize data.
    2. Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.
  - C. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to the data.
  - D. Test the mathematical accuracy of all reports and supporting worksheets.
  - E. Test the selected reports for completeness.
    1. For financial reports, review accounting records and ascertain if all applicable accounts were included in the sampled reports (e.g., program income, expenditure credits, loans, and reserve funds).

2. For performance and special reports, review the supporting records and ascertain if all applicable data elements were included in the sampled reports.

**Documentation**

Monitoring Tool/Instrument

Working Papers

Summaries

Monitoring Results Report

*For questions or clarification on any of the information contained in this policy, please contact [Office of the Controller](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).*