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Sub-recipient fiscal monitoring

Background:

2 CFR, Part 200, which went into effect December 2014, sets out uniform administrative requirements, cost principles and audit requirements for federal awards. Through a recent audit of the State Innovation Models (SIM) grant, the Oregon Health Authority, Public Health Division (OHA-PHD) received notice that it was lacking in the implementation of these new guidelines related to auditing of sub-awardees. Specifically, the division is required to perform risk assessments for all sub-awardees in advance of implementing contracts. OHA-PHD is also required to ensure an on-going, in-depth fiscal monitoring system for all sub-awards. The division received audit findings on both counts with direction to go back and perform a fiscal audit of SIM expenditures.

Risk Assessment:

As a result of audit findings the division has implemented a new risk assessment process for all sub-recipients of federal funds. This will be performed at the beginning of each contract cycle and may result in LPHAs having to complete a self-assessment. The division is trying to limit the burden by using previous triennial reviews, when available, as a guide to verify administrative systems are in place. Completed risk assessments will be stored and used as reference when initiating additional contracts with the same entity.

Fiscal Monitoring:

The division is taking steps to strengthen fiscal monitoring protocols. To date this has included:

- Initiation of fiscal review with SIM grantees.
- Development of a new expenditure report for LPHA agreements that includes additional detail on line item expenditures.
- Development of a standardized budget and financial report for sub-awardees under agreements other than LPHA Financial Assistance Agreements.
- Development of an internal process to ensure fiscal monitoring protocols are established for any future additional federal funding streams added to

the LPHA agreements. This means adding funding streams to the triennial fiscal review whenever possible.

Going forward:

The division will continue to review current fiscal monitoring protocols for all sub-recipients, including LPHAs. OHA-PHD anticipates additional changes for many of our sub-grantees as we move forward. Most likely future changes will impact the sub-awardees holding agreements outside of the LPHA Financial Assistance Agreement rather than those already participating in a fiscal review through the triennial review process. However, should the division find other weaknesses in meeting 2 CFR, Part 200 requirements, additional changes impacting LPHAs may become necessary. The division will continue to ensure communication of any findings.

LPHA Sub-contracts:

All intergovernmental or other contractual agreements between OHA-PHD and LPHAs include provisions requiring sub-contractor monitoring by the LPHA when it sub-contracts for services pursuant to an agreement between OHA-PHD and LPHA. The federal requirements discussed above also apply to LPHAs when applicable federal funds are part of an LPHA sub-contract for services pursuant to an agreement between OHA-PHD and LPHA.