



2017 CDBG-DR Problem Solving Clinic



How to Manage Subrecipients



Welcome & Speakers

- Session Objectives
 - Teach grantees about the requirements related to managing subrecipients
 - Provide tips and lessons learned for effective subrecipient management, oversight and monitoring
- Speakers
 - Bonnie Lester, ICF



Agenda

- What are subrecipients and what other types of entities may participate in DR programs
- Typical issues that arise with subrecipients
- Selecting a subrecipient
- Oversight and monitoring
- Questions and resources



What is a subrecipient?

- Public or private nonprofit agency, authority or organization, or community-based development organization receiving CDBG-DR funds from the recipient or another subrecipient to undertake CDBG-DR eligible activities (see 24 CFR 570.500(c))
- A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program (see 2 CFR 200.93)
- A subrecipient is a grantee's partner in disaster recovery



State Grantees and Subrecipients

- In traditional CDBG, states are required to fund Units of General Local Government (UGLGs)
- With CDBG-DR, states may fund UGLGs, but also may directly fund subrecipients or carry out activities directly
 - If funding UGLGs, may choose to treat as subrecipients or as UGLGs
 - If using other state level departments to administer programs, not technically a subrecipient but may choose to treat as such
 - If not treated as subrecipient, must have some sort of agreement outlining roles, responsibilities and requirements (e.g., MOU)



Who is not a subrecipient?

- Contractor
 - Competitively procured and provides a specific scope of services
- Developer
 - Awarded funds for an affordable housing development
 - Can be either a for-profit or non-profit entity
 - Typically organized and/or formed for single purpose or undertaking (e.g., rental or homebuyer project)
- Business
 - Privately- or publicly-held for-profit entity receiving funds as a beneficiary under a program (e.g., business loan program)



Comparison of Subrecipients and Contractors

	Subrecipient	Contractor
Selection	<ul style="list-style-type: none"> Designated by the grantee via an application or other selection method (e.g., a competitive NOFA) 	<ul style="list-style-type: none"> Selected by a competitive procurement process (e.g., 2 CFR 200)
Applicability of requirements	<ul style="list-style-type: none"> Subject to all applicable administrative, financial and cross-cutting Federal rules and requirements 	<ul style="list-style-type: none"> Subject to requirements for the specified scope of work
Monitoring and performance	<ul style="list-style-type: none"> Must adhere to written agreement outlining responsibilities Recipient monitors all aspects of program 	<ul style="list-style-type: none"> Must deliver services identified in the contract



Responsibilities of Subrecipients

- Meet the grantee's specific selection criteria
- Carry out specified program on behalf of grantee
- Comply with all Federal statutes, regulations and program requirements
- Comply with all terms and conditions of the subrecipient agreement
- Meet all established performance goals
- Ultimately the grantee is responsible for subrecipient compliance and performance



Selecting Subrecipients

- Grantees make decisions regarding the use of subrecipients and other partners
- Applicability of various requirements is dependent upon:
 - The type of entity (public or private)
 - How the entity is selected
 - The role being played by the entity
- Contractors are procured
- Awarding funds to subrecipients must be based on reasonable selection criteria



Assessing Capacity of Subrecipients

- Grant management history (track record)
 - Grantee monitoring reports
 - Office of Inspector General (OIG) audits
 - Ability to comply with Federal rules & regulations
- Staffing
 - New or experienced
 - Turnover rate
- Program and activity experience
 - Knowledge of CDBG/CDBG-DR
 - Management of similar programs/activities



Assessing Capacity of Subrecipients (continued)

- Financial and Tracking Systems
 - Adherence to uniform standards (2 CFR 200)
 - Invoice and payment functionality
 - Experience in handling program income
 - A-133/2 CFR 200 audit reports
 - No outstanding audit findings
- Contractor Oversight (if applicable)
 - Knowledge of procurement requirements
 - Monitoring systems in place
 - Understand specific scope of service



Subrecipient Agreements

- Legal means to convey all applicable requirements, roles & responsibilities (see CDBG regulations 24 CFR 570.503) including:
 - Statement of work/scope of services
 - Period of performance
 - Records to be maintained, reports to be submitted
 - Uniform admin/financial & cross-cutting requirements
 - Provisions on suspension/termination, reversion of assets and enforcement
- Amend over time as necessary



Subrecipient Oversight

- In order to ensure subrecipients are properly carrying out activities, must have oversight mechanisms in place to track progress and monitor performance
- Consider:
 - How to staff oversight responsibilities
 - Consider components to be reviewed and monitored (administrative, financial, programmatic, technical)
 - Have policies, procedures and tools
 - How issues such as nonperformance & findings will get resolved in a timely manner



Subrecipient Oversight

- Use the results of the subrecipient's assessment to develop any required training and/or technical assistance
- Determine the level of risk associated with subrecipients by using some of the following factors:
 - Knowledge of program requirements & cross-cutting Federal requirements
 - Size and complexity of the program
 - Financial management indicators (e.g., expenditure rates, findings)
 - Management factors (e.g., staff turnover)
 - Citizen complaints



Subrecipient Oversight

- Based on the level of risk, identify a schedule for reviewing subrecipient activities and share the schedule with the subrecipient
- Establish milestones, and include them in the subrecipient agreement
- Track *financial* progress monthly by comparing actual expenditures against subrecipient's budget
- Track *programmatic* progress quarterly by using information provided for the Quarterly Performance Report (QPR)



Subrecipient Oversight

- If progress is not made:
 - Provide feedback to subrecipient
 - Work together to identify a solution
 - Develop a plan to meet performance requirements
 - If performance does not improve according to the plan follow through on identified corrective action
- Subrecipients are also reviewed during the grantee's normal monitoring schedule
- HUD encourages grantees to monitor subrecipients *at least* annually



Resources

- 24 CFR 570:
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl
- HUD CPD Monitoring Handbook:
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/cpd/6509.2
- DR Toolkits:
 - <https://www.hudexchange.info/programs/cdbg-dr/toolkits/>
- OIG Integrity Bulletin Summer 2016:
 - <https://www.hudexchange.info/resources/documents/HUD-Integrity-Bulletin-Subrecipient-Oversight-Monitoring.pdf>
- A Guidebook for Grantees on Subrecipient Oversight:
 - https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_17086.pdf
- 2016 CDBG-DR: Subrecipient Management and Record Keeping Webinar
 - <https://www.hudexchange.info/trainings/courses/2016-cdbg-dr-subrecipient-management-and-recordkeeping-webinar/>



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Questions?