

**CITY OF NEW ORLEANS  
CHIEF ADMINISTRATIVE OFFICE**

**POLICY MEMORANDUM NO. 102 (R)**

**March 23, 2016**

**TO:** All Departments, Boards, Agencies and Commissions

**FROM:** Andrew D. Kopplin, Chief Administrative Officer



**SUBJECT:** MONITORING REQUIREMENTS FOR FEDERAL AND STATE GRANTS

**I. PURPOSE.**

This memorandum establishes requirements for monitoring all sub-grantee agencies for compliance with federal and state regulations regarding the use of grants awarded by these governmental agencies and to reduce or eliminate ineligible costs incurred by programs administered by the City of New Orleans. This policy applies to all federal and state grants, regardless of funding sources, awarded by City departments or agencies.

**II. DEFINITION.**

A grant is an award of public funds or property to an agency or person for the performance of services on behalf of the City. Grants may be funded by various sources and are usually implemented by contract.

**III. GRANT MONITORING.**

All City sub-grantees are subject to monitoring by the City and federal state agencies, as a specific contractual obligation. Monitoring will be conducted to assure that sub-grantees are attaining the measurable goals, objectives, performance indicators, fiscal requirements and other compliance indicators outlined in the contract.

**IV. PROCEDURES.**

**A. Review of Sub-Recipients**

Programmatic and fiscal site visits of sub-recipients will be conducted based on risk. Monitors will also conduct periodic desk reviews of reimbursement requests.

**B. Contract Compliance Guidelines**

A copy of all agency award letters to sub-grantees will be submitted to the Deputy Director of Compliance by the granting agency. In addition, all new, renewed, and amended contractual agreements will be forwarded to the Deputy Director of Compliance upon execution. All contractual agreements will include a copy of the

Compliance Unit Policies and Procedures and authorizing federal legislation as a part of the contracts.

All contractual agreements meeting the expenditure requirement will include a statement requiring sub-recipients to provide an engagement letter for a certified public accounting firm to conduct an audit of federal funding. A copy of the engagement letter will be submitted to the director of the granting agency within a month of the agency's ending fiscal year. The director of the granting agency will forward a copy to Compliance Bureau. The audit must be completed within nine months after the project fiscal year ends. A copy of the completed audit should be received within nine months of the agency's fiscal year, as required by OMB Circular A-133 guidelines.

### **C. Monitors**

The fiscal and programmatic monitors shall conduct site visits in accordance with the schedule devised by the Deputy Director of Compliance, based on risk.

Site visits will include the review of the following documented records:

1. Personal services
2. Payroll and Personnel costs
3. Accounting journals
4. Bank accounts
5. Fidelity or surety bond
6. Contractual services
7. Supplies and materials
8. Equipment
9. Signed corporate minutes from the Board of Directors' regular meetings
10. Financial Policies and Procedures
11. Procurement documentation and procedures
12. Performance measures
13. Environmental compliance
14. Labor compliance

Monitors will submit a report of findings for each site visit.

### **D. Privatization Component of Monitoring Functions**

The firms selected for monitoring will be furnished with a list of all the funding sources, with the sub-recipients and contract amounts by sources. For each of the federal funding sources, the contractor will obtain the City's grant award document, as well as the related federal legislation and regulations incorporated by reference into the grant award. Using that information and the contractor's knowledge of OMB Circulars A-133, A-122, A-89 and A-21, the contractor will, in consultation with the Deputy Director of Compliance, draft agreed upon procedures, the objective of which is to test the sub-recipient agency's compliance with the following OMB

Circular A-133 Compliance Categories: Allowable Costs/Cost Principles, Eligibility, Activities Allowed or Unallowed; Matching, Level of Effort and Earmarking, Reporting, Special Tests and Provisions. Procedures are to include those designed to test the sub-recipient's achievement of the contract's measurable deliverables as reported by the sub-recipient in the monthly programmatic reports to the City.

Using the risk-based selection criteria, the contractor will annually select sub-recipients to test performance using the agreed upon procedures. The firms will provide on-site fiscal and programmatic monitoring.

The Contractor will perform at least one (1) monitoring visit during a twelve (12) month period to each selected sub-recipient, during which the agreed upon procedures will be performed.

Within 30 days of each visit to the sub-recipient, the Contractor will issue a monitoring report to state the results of on-site fiscal and program monitoring procedures. The reports will be provided to the appropriate staff.

#### **E. Deputy Director of Compliance**

The Deputy Director of Compliance is responsible for supervision of the Compliance Unit, review and distribution of assignments, documents, and coordination of the privatization component of monitoring.

#### **V. INQUIRIES.**

Questions concerning this policy should be referred to the Mayor's Office of Community Development, Compliance Unit.