

RESTORE DIRECT COMPONENT

***PROPOSER / SUBRECIPIENT
QUESTIONNAIRE***

RESTORE Direct Component Proposer / Subrecipient Questionnaire

Okaloosa County may at times, decide to engage the services of another entity to assist the county in carrying out projects under its federal or state financial assistance award. The County can do so by entering into a subrecipient or contractor (vendor) relationship. This document is intended to assist a Program Manager that is contemplating entering into a subaward agreement to pass-through federal or state financial assistance funds to a subrecipient. It describes the pre-award risk assessment that a Program Manager must conduct with respect to a subrecipient pursuant to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200 (the Uniform Guidance) prior to entering into a subaward agreement. Based on the results of the pre-award risk assessment, the Program Manager will enter into a subaward agreement that implements appropriate oversight and monitoring mechanisms to ensure that the subrecipient uses the funds for authorized purposes and in compliance with all applicable laws.

Subrecipient vs. Contractor Determination

Because different rules govern the process by which the County selects a subrecipient or contractor and the level of oversight the Program Manager is required to perform, it is important to determine whether the party receiving the County's federal or state funds is a subrecipient or a contractor. The County must evaluate each agreement on a case-by-case basis, and the Uniform Guidance provides a list of factors that describe each relationship. The substance of the relationship, however, is determinative, and the County should use judgment in classifying each agreement as a subaward or procurement contract, as not all characteristics listed below will be present in every relationship.

A **subrecipient** is an entity that receives a subaward from a pass-through entity to carry out part of a federal or state program (but does not include an individual who is a beneficiary of the program). Factors suggesting that the entity is a **subrecipient** include:

- the entity determines who is eligible to receive what federal or state assistance;
- the entity's performance is measured in relation to whether objectives of a federal or state program were met;
- the entity has responsibility for programmatic decision making;
- the entity is responsible for adherence to applicable federal and state program requirements specified in the federal or state award; and
- in accordance with its agreement, the entity uses the federal or state funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.¹

An example of a subrecipient: (i) an entity that provides supervised visitation of children in a safe environment; and (ii) a housing assistance program that provides financial assistance for qualified applicants. **If the County determines the entity to be a subrecipient, the County must conduct the pre-award risk assessment described in this tool prior to entering into a subaward agreement with**

¹ 2 C.F.R. §200.330(a), F.S. 215.97

the subrecipient.

A **contractor**, on the other hand, is an entity that is defined as a dealer, distributor, merchant or other seller providing goods or services that is required to carry out a project or program under a federal award.

Factors suggesting that an entity is a **contractor** for goods or services include:

- the entity provides the goods and services within normal business operations;
- the entity provides similar goods or services to many different purchasers;
- the entity normally operates in a competitive environment;
- the entity provides goods or services that are ancillary to the operation of the federal or state program; and
- the entity is not subject to compliance requirements of the federal or state program as a result of the agreement, though similar requirements may apply for other reasons.²

Common examples of contractors are entities or individuals providing design and maintenance services for a county's website or engineering design services. **If the County determines the entity to be a contractor, the County must follow its procurement procedures and policy to select the contractor.**

Pre-Award Risk Assessment

To determine whether to make a subaward and the appropriate level of monitoring to undertake if an award is made, the Program Manager must first evaluate each subrecipient's risk of noncompliance with federal and/or state statutes, regulations, and the terms and conditions of the subaward.³ In doing so, the Program Manager will need to consider factors such as: (i) the subrecipient's prior experience with the same or similar subawards; (ii) the results of previous audits; (iii) whether the subrecipient has new personnel or new or substantially changed systems; and (iv) if the subrecipient receives direct federal or state awards, the extent and results of the federal or state awarding agency's monitoring process.⁴

A pre-award risk assessment questionnaire based on the requirements of the Uniform Guidance, 2 C.F.R. § 200.331, is provided in **Exhibit A**. **All potential subrecipients must complete this questionnaire prior to entering into a subaward agreement.** This document will be maintained as part of the Subrecipient Monitoring file.

Based upon the results of the pre-award risk assessment, Program Managers should consider imposing specific subaward conditions upon a subrecipient, as appropriate.⁵

² 2 C.F.R. §200.330(b), F.S. 215.97

³ 2 C.F.R. §200.331(b).

⁴ 2 C.F.R. §200.331(b).

⁵ 2 C.F.R. §200.331(c).

These additional subaward conditions may include items such as the following:⁶

1. Requiring payments as reimbursements rather than advance payments;
2. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
3. Requiring additional, more detailed financial reports;
4. Requiring additional project monitoring;
5. Requiring the non-Federal entity to obtain technical or management assistance; or
6. Establishing additional prior approvals.

If the Program Manager imposes additional subaward conditions, it must notify the subrecipient as to:⁷

- The nature of the additional requirements;
- The reason why the additional requirements are being imposed;
- The nature of the action needed to remove the additional requirement, if applicable;
- The time allowed for completing the actions if applicable, and
- The method for requesting reconsideration of the additional requirements imposed.

Any specific conditions must be promptly removed once the conditions that prompted them have been corrected.⁸

Monitoring a Subrecipient

At a minimum, all Program Managers subawarding federal or state financial assistance funds are required to conduct the following monitoring activities during their relationship with their subrecipients: (i) review financial and performance reports required under the subaward agreement; (ii) verify that an audit or other on-site review is being performed pursuant to the Uniform Guidance and that the subrecipient receives a Single Audit if expects to expend \$750,000 or more in federal awards during its fiscal year; or if state financial assistance in accordance with Florida Single Audit Act if expects to expend \$500,000 or more (iii) follow up to ensure that the subrecipient takes appropriate action on any audit findings and deficiencies; and (iv) issue a management decision on audit findings relating to the federal or state funds awarded to the subrecipient.⁹ Depending on the results of the initial risk assessment, Program Managers may also need to provide subrecipients with on-site training and technical assistance on program-related matters, perform on-site reviews of the subrecipient's program operations or arrange for agreed-upon procedures to monitor the subrecipient.¹⁰

Terms and Conditions of the Subaward Agreement

As the recipient of the federal or state award, the County is solely responsible to the federal or state awarding agency for the execution of the award. The recipient is also required in accordance with 2 CFR §200.331 to include certain data elements as part of all subaward agreements.

⁶ 2 C.F.R. §200.207(b).

⁷ 2 C.F.R. §200.207(c).

⁸ 2 C.F.R. §200.207(d).

⁹ 2 C.F.R. §200.331; 31 U.S.C. §7501 et seq., F.S. 215.97

¹⁰ 2 C.F.R. §200.331(e), F.S. 215.97

Under the Uniform Guidance or F.S. 215.97, the County is required to monitor the activities of their subrecipients to ensure that subawards are used for authorized purposes and in compliance with applicable federal or state law and the terms and conditions of the subawards.¹¹

¹¹ 2 C.F.R. §200.331(d), F.S. 215.97

Exhibit A Internal Controls Questionnaire

How to Use: This questionnaire is used to help determine a potential subrecipient's or entity's financial and management strength, which helps assess risk and dictates the monitoring plan for subrecipients. **This questionnaire must be completed prior to entering into a subaward agreement.** The County may follow up with the potential subrecipient/entity regarding the responses to this questionnaire.

Entity Contact Information

Full Legal Organization/Business Name:

Address:

Telephone number:

Name of person completing this form:

E-mail address:

Website:

Incorporated in: Incorporation Date:

Number of employees:

DUNS number:

EIN (Employer Federal ID Number):

Fiscal Year End (Month/Year):

Entity Type of Organization (select one):

Government Nonprofit Corporation Other

Entity Personnel Contact Information

Program Manager/Director for Subaward

Name:

Title:

Telephone Number:

E-mail Address:

Additional Contact for Subaward

Name:

Title:

Telephone Number:

E-mail Address:

GENERAL ASSESSMENT

1. Is this grant large in terms of percentage of overall funds for the entity?

Yes No

2. Is the entity new to operating or managing state and/or federal funds (has not done so within the past five years)?

Yes No

3. Is this program new for the entity (managed for less than three years)?

Yes No

4. In the last 12 months, has the entity hired new senior management personnel (e.g., Executive Director/CEO, Finance Director/CFO) and/or program personnel who would be working on this proposed subaward? If yes, please explain.

Yes No If yes, explain

5. Are the staff assigned to the program inexperienced with the program (worked with the program for less than two funding cycles)?

Yes No

6. Is the program unusually complex (e.g. programmatic, funding, matching requirements)?

Yes No

7. Does the entity have effective procedures and controls?

Yes No

8. Has the entity received a subaward from the County in the past two years?

Yes No

LEGAL ASSESSMENT

1. Is the entity currently or previously been debarred or suspended?

Yes Yes No If yes, explain

2. Have any organization staff been jailed, convicted of a felony or are currently under criminal investigation?

Yes Yes No If yes, explain

3. If you anticipate using a subrecipient or contractor, have you determined if they are debarred or suspended?

Yes No

FINANCIAL & INFORMATION SYSTEM ASSESSMENT

1. Does the entity have a financial management system in place to track and record the program expenditures? (Example, Quickbooks, Peachtree or Custom Proprietary System)

Yes Yes No If yes, System name

2. In the last 12 months, has the entity implemented new or substantially changed systems related to its federal grant management? If yes, explain.

No

3. Does the accounting system identify the receipts and expenditures of the program funds separately for each grant award?

Yes No

4. Will the accounting system provide for the recording of expenditures for each grant award by the budget cost categories shown in the approved budget?

Yes No

5. Does the time and accounting system track effort by cost objective? (i.e. time spent on each grant award vs time spent on non-grant activities when combined total 100% of the employees hours worked or effort)

Yes No

6. If charging indirect cost to grant awards does the accounting system track direct costs and indirect costs separately?

Yes No

7. Information systems and accounting systems are in place and designed to meet all federal program requirements, including reporting and record retention requirements?

Yes No

8. Access to data, including Personal Identification Information, is protected against unauthorized access and is limited to appropriate individuals based on job functions.

Yes No

OPERATIONS ASSESSMENT

1. Do policies, procedures and processes for managing federal grant funds meet the requirements of OMB 2 CFR Chapter I and Chapter II, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards?

Yes No

2. Are the entity's internal controls in compliance with guidance in "Standards for Internal Controls in the Federal Government" (GAO-14-704G) issued by the U.S. Government Accountability Office (Green Book) and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSCO)?

Yes No

3. Does the entity have a formalized risk assessment process in place specifically for federal grant programs, including standard forms and checklists for program regulatory compliance and monitoring contractor's or subrecipient's performance?

Yes No

4. Is anti-fraud awareness training conducted at least annually that is evidenced by attendance sheets or other mechanisms?

Yes No

5. Are there formal policies and procedures in place for employees to confidentially report suspected violations of policies and or suspected instances of fraud or other criminal activity, including specifically those related to federal grant programs?

Yes No

6. Are breaches of policy and/or instances of fraud or other criminal activity addressed by management including taking steps to prevent future violations? Does the policy include notification to the appropriate federal agency in cases of confirmed fraud related to federal funds?

Yes No

7. Does the entity have a system in place to provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of 2 CFR 200 and with parties that are not debarred or suspended?

Yes No

8. Does the entity have a system in place to provide reasonable assurance that contractors and subcontractors subject to the Davis-Bacon Act requirements are properly notified of the

requirement and that the required certified payrolls are submitted to the entity?

Yes No

9. Does the entity have a system in place to provide reasonable assurance that federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audits are completed when required, any audit findings are resolved, and the impact of any subrecipient noncompliance on the entity is evaluated?

Yes No

10. Does the entity complete criminal and financial background checks on employees?

Yes No

11. Are all bank accounts reconciled monthly?

Yes No

12. Does the entity have a financial management system that provides detail records that can identify the source and application of funds for award-supported activities?

Yes No

13. Are all disbursements properly documented with evidence of receipt of goods or performance of services?

Yes No

14. Does the entity have a process in place to provide reasonable assurance that the (1) drawdown of federal cash is only for immediate need, (2) reimbursement is requested only after costs have been incurred, (3) comply with applicable subaward agreements, and (4) limit payments to subrecipients to immediate cash need?

Yes No

15. Does the entity have an effective system in place to provide reasonable assurance that costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles?

Yes No

16. Does the entity have a system in place to provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements?

Yes No

17. Does the entity have a system in place to determine that it has met its cost sharing, level of

effort,
or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued?

Yes No

18. Does the entity have a system in place to provide reasonable assurance that federal funds are used only during the authorized period of performance?

Yes No

19. Describe the method used to support labor and benefit charges.

External accountant would establish a internal accounting procedure for allocating labor and benefit changes as submitted.

20. Does the entity have a system in place to provide reasonable assurance of compliance with the real property acquisition, appraisal, negotiation, and relocation requirements in 42 USC Ch. 61?

Yes No

21. Explain the system that is in place to authorize and approve expenditures and maintain records of capital equipment and real property?

Commissioner approves all expenses every month. All capital expenditures are documented in the accounting software.

22. Does the entity maintain detailed records of individual capital assets and periodically reconcile such records with the general ledger accounts?

Yes No

23. Does the entity have effective procedures for authorizing and accounting for the disposal of property and equipment?

Yes No

24. Does the entity periodically check its detailed property records against physical inventory?

Yes No

25. Does the entity have an indirect cost rate that is approved and current?

Yes Yes No If yes, who approved the rate?

26. Does the entity have written policies that address the following?

Pay Rates and Benefits	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Time and Attendance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Leave	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Discrimination	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Conflicts of Interest	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Travel	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Purchasing/Procurement	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No
Capitalization/Depreciation	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No

27. Is the entity required to comply with the Single Audit requirements of the Uniform Guidance (2 C.F.R. Part 200, Subpart F; required if Subrecipient expends \$750,000 or more in federal awards in a fiscal year) or if (State \$500,000 F.S. 215.97)?

Yes No

Audit Contact Name and Title:

Tammy Johnson, City Clerk

28. Has the entity's annual financial statements been audited by an independent audit firm? If yes, provide a copy of the statements for the last two (2) fiscal years.			
<input checked="" type="checkbox"/> <u>Yes</u> <input type="checkbox"/> <u>No</u>			
29. If the answers to Questions 27 or 28 is yes, were there any findings or questioned costs in the last two (2) fiscal years? If yes, please explain any findings or questioned costs with respect to an award or subaward to conduct programs similar to those covered by this proposed subaward agreement.			
<input type="checkbox"/> <u>Yes</u> <input checked="" type="checkbox"/> <u>No</u> If yes, Explain below:			
30. Other than financial statements, has any aspect of the entity's activities been subject to an audit, examination, or monitoring within the last two (2) years by a governmental agency (e.g., Inspector General, state or local government auditors, etc.)? If yes, please explain any audit or monitoring findings or deficiencies with respect to an award or subaward to conduct programs similar to those covered by the proposed subaward agreement.			
<input type="checkbox"/> <u>Yes</u> <input checked="" type="checkbox"/> <u>No</u> If yes, Explain below:			
31. Attachments: Please attach the following or check N/A if not applicable.			
	<u>Document</u>	<u>Attached</u>	<u>N/A</u>
a.	Articles of Incorporation	<input type="checkbox"/> <u> </u>	<input type="checkbox"/> <u> </u>
b.	Bylaws	<input type="checkbox"/> <u> </u>	<input type="checkbox"/> <u> </u>
c.	IRS Determination Letter (recognizing the entity as exempt from	<input type="checkbox"/> <u> </u>	<input type="checkbox"/> <u> </u>

	income taxes under IRC Section 501(c)(3))		
d.	Form 990 or 990-EZ from the last two (2) years, including Form 990-T (if applicable) and all supporting schedules and attachments	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
e.	Copies of audit reports and management letters received during the last two (2) fiscal years from the entity's independent auditors (including all reports associated with a Single Audit pursuant to 2 C.F.R. Part 200, Subpart F)	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
f.	Copies of results from audits, examinations, or monitoring procedures performed during the last two (2) years on any direct federal award received by the entity	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>
g.	Indirect cost rate agreement	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>
h.	List of all subawards to the entity from the County during the past two (2) years	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>
i.	List of all subawards to conduct programs similar to those covered under this proposed subaward agreement to the entity from any funder during the past two (2) years	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>

By its authorized signatory below, I hereby certify and attest to the accuracy of the above responses and all corresponding information attached.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

h.	List of all subawards to the entity from the County during the past two (2) years	☐	☐
i.	List of all subawards to conduct programs similar to those covered under this proposed subaward agreement to the entity from any funder during the past two (2) years	☐	☐

By its authorized signatory below, I hereby certify and attest to the accuracy of the above responses and all corresponding information attached.

Signature: Chris Wasdin

Printed Name: Chris Wasdin

Title: Commissioner

Date: 27 Mar 2018