

# FTA SUBRECIPIENT MONITORING

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## Purpose

The purpose of this FTA Subrecipient Monitoring guide is to accomplish the following:

- Ensure that all technical specifications and contract requirements are met by subrecipients
- Monitor compliance with FTA requirements for FTA-funded vehicles or facilities that are maintained by subrecipients, leased to service providers, or maintained under contract by other than the [Transit Agency] employees
- Identify performance issues and address them in a timely manner
- Track information regarding performance quality for the purposes of evaluating subrecipients for future procurements

These procedures explain methods of monitoring, persons responsible, frequency, and expected deliverables associated with subrecipient oversight.

## Monitoring Process

The monitoring process incorporates the full cycle of grants for subrecipient monitoring. The approach emphasizes both advising the subrecipient of their responsibilities and assessing compliance.

The subrecipient monitoring process will consist of the following activities:

1. Elaboration of FTA Requirements and Subrecipient Guidelines
2. FTA Subrecipient Funding Agreement Execution
3. Ongoing FTA subrecipient monitoring including monthly invoice reviews and review of quarterly reporting requirements
4. Formal compliance reviews – desk and on site
5. Closeout

The specific tasks and responsibilities for each of these activities are noted below. The frequency of the different activities depends on the identified risk level (low, medium, or high).

Monitoring Process Step		Low	Medium	High
1	Subrecipient Identification and Initial Monitoring Needs Assessment	All Subrecipients	All Subrecipients	All Subrecipients
2	Elaboration of FTA Requirements and Subrecipient Guidelines	All Subrecipients	All Subrecipients	All Subrecipients
3	FTA Subrecipient Funding Agreement Execution	All Subrecipients	All Subrecipients	All Subrecipients
4	Ongoing FTA Subrecipient Monitoring, including: 4.1 Invoice reviews	Monthly	Monthly	Monthly
	4.2 Quarterly Reporting Requirements	Quarterly	Quarterly	Quarterly
5	Formal Compliance Reviews 5.1 Desk review of submitted documents	Annual Review only policies and procedures that have changed	Annual Review only policies and procedures that have changed	Annual Review only policies and procedures that have changed
	5.2 On Site Review	Every 24 months	Every 18 months	Every 12 months
	5.3 Compliance Review Report	Modified version for desk top, full for on site	Modified version for desk top, full for on site	Modified version for desk top, full for on site
	5.4 Corrective Action Monitoring	Where necessary	Where necessary	Where necessary
6	Closeout	All Subrecipients at end of project	All Subrecipients at end of project	All Subrecipients at end of project

A template for determining risk is below; high scores correspond to high risk subrecipients:

*Risk Assessment Questionnaire Template*

I. GENERAL ASSESSMENT	
<b>1. Subrecipient experience with State or Federal Funds:</b>	
	<b>Risk Factor</b>
5+ years	<b>1</b>
3-5 years	<b>3</b>
0-3 years	<b>5</b>
Comments:	
<b>2. Subrecipient experience with specific Grant program:</b>	
	<b>Risk Factor</b>
5+ years	<b>1</b>
3-5 years	<b>3</b>
0-3 years	<b>5</b>
Comments:	
<b>3. Management or staff turnover or reorganization that affects this program:</b>	
	<b>Risk Factor</b>

No turnover or reorganization	1
Little turnover or reorganization	3
Significant turnover or reorganization	5
Comments:	
<b>4. Experience of staff and management assigned to the program:</b>	
	<b>Risk Factor</b>
5+ years/funding cycles	1
2-5 years/funding cycles	3
Less than 2 years/funding cycles	5
Comments:	
<b>5. Subrecipient timeliness in document submission:</b>	
Applications	
Amendments	
Fiscal or Financial Reporting	
Budgets/Revisions	
Close-out	
A-133 audits and corrective action (if applicable)	
	<b>Risk Factor</b>
On time submission of all documents	1
Rarely late or sometimes late on some documents	3
Consistently late on some or all documents	5
Comments:	
<b>6. Subrecipient timely response to program/fiscal questions:</b>	
	<b>Risk Factor</b>
Always timely in response	1
Sometimes late in response	3
Consistently late in response	5
Comments:	
<b>7. Complexity of the business environment or program funding/matching requirements:</b>	
	<b>Risk Factor</b>
Simple program requirements and operations environment	1
Moderately complex program requirements and operations environment	3
Complex operations environment and program requirements	5
Comments:	
<b>8. Effective written procedures and controls for this program:</b>	
	<b>Risk Factor</b>
Formal/Written and Distributed to Employees	1
Informal Policies and Controls	3
No Policies or Controls	5

Comments:	
<b>II. OVERALL FISCAL ASSESSMENT</b>	
<b>1. Variations between expenditures and budget:</b>	
	<b>Risk Factor</b>
No variations	<b>1</b>
Small variations	<b>3</b>
Large and frequent variations	<b>5</b>
Comments:	
<b>2. Subrecipient amount of budget carryover:</b>	
	<b>Risk Factor</b>
No carryover	<b>1</b>
Small amount of carryover	<b>3</b>
Large amount of carryover	<b>5</b>
Comments:	
<b>3. Difficulty meeting matching requirements:</b>	
	<b>Risk Factor</b>
Always meets matching requirements (No difficulty)	<b>1</b>
Meets matching requirements most of the time (Some difficulty)	<b>3</b>
Consistently has difficulty meeting matching requirements	<b>5</b>
Comments:	
<b>III. LEGAL ASSESSMENT</b>	
<b>1. Does the subrecipient have or previously had a lawsuit(s) filed against them? (Obtain all necessary documentation if answer is yes)</b>	
	<b>Risk Factor</b>
No previous or current lawsuits	<b>1</b>
Has previously had a lawsuit	<b>3</b>
Has a lawsuit	<b>5</b>
Comments:	
<b>2. Subrecipient staff that have been jailed, convicted of a felony or are currently under criminal investigation:</b>	
	<b>Risk Factor</b>
No staff jailed, convicted or currently under criminal investigation	<b>1</b>
Has staff that has been jailed, convicted or is currently under criminal investigation	<b>5</b>
Comments:	

<b>IV. MONITORING/AUDIT ASSESSMENT</b>	
<b>1. Past Audit findings from the A-133 Audit or any other Internal Audit:</b>	
	<b>Risk Factor</b>
No material findings	<b>1</b>
Some findings, not material	<b>3</b>
Has material findings	<b>5</b>
Comments:	
<b>2. Have there been any previous audit findings (i.e. other comprehensive audit, Internal Audit)?</b>	
	<b>Risk Factor</b>
No material findings	<b>1</b>
Some findings, not material	<b>3</b>
Has material findings	<b>5</b>
Comments:	
<b>3. Has the subrecipient been debarred or suspended? If so, when?</b>	
	<b>Risk Factor</b>
Never debarred or suspended	<b>1</b>
Has been debarred or suspended	<b>5</b>
Comments:	
<b>4. Corrective Action Plans (CAP) and Resolution (Obtain copy)</b>	
	<b>Risk Factor</b>
No CAPs past or current	<b>1</b>
Has had CAPs but been resolved on time	<b>3</b>
Has CAPs and not resolved on time	<b>5</b>
Comments:	
<b>5. On-site monitoring visits:</b>	
	<b>Risk Factor</b>
Less than one funding cycle has passed since on-site visit	<b>1</b>
Less than three funding cycles have passed since on-site visit	<b>3</b>
More than three funding cycles have passed since on-site visit	<b>5</b>
Comments:	
<b>6. Abbreviated Compliance Review findings:</b>	
	<b>Risk Factor</b>
Compliant	<b>1</b>
Noncompliant	<b>5</b>
Comments:	

<b>V. FINANCIAL SYSTEMS ASSESSMENT</b>	
<b>1. Does the sub-recipient have a financial management system in place to track and record program expenditures (Examples: QuickBooks, Visual Bookkeeper, Peachtree, or a Customer Proprietary System)</b>	
	Risk Factor
Yes, has financial management system in place	<b>1</b>
No financial management system in place	<b>5</b>
Comments:	
<b>2. Does the accounting system identify the receipts and expenditures of program funds separately for each award?</b>	
	Risk Factor
Accounting system identifies receipts and expenditures of program funds separately for each award	<b>1</b>
Accounting system identifies receipts and expenditures of program funds but does not separate for each award	<b>3</b>
Accounting system does <b>not</b> identify receipts and expenditures of program funds	<b>5</b>
Comments:	
<b>3. Does the sub-recipient have a time and accounting system to track time and expenditures by cost objective?</b>	
	Risk Factor
Yes, subrecipient has a time and accounting system to track time and expenditures by cost objective	<b>1</b>
Subrecipient has a time and accounting system but does not track time and expenditures by cost objective	<b>3</b>
Subrecipient does <b>not</b> have a time and accounting system to track time and expenditures	<b>5</b>
Comments:	

The sequencing of the Formal Compliance Reviews will depend on a number of factors:

- The level of monitoring need – High scoring projects should be prioritized within the Subrecipient Monitoring plan.
- The duration of the subgrant or funding – Some subgrants may last less than a year. Where possible, oversight through a desk review should occur either during the grant agreement process or within the first quarter of the subgrant performance to allow sufficient time for corrective actions to be closed before the funding ends.

**Elaboration of FTA Requirements and Subrecipient Guidelines**

The Grants Manager will advise subrecipients of federal award information and compliance requirements prior to awarding or allocating FTA funds. This ensures that potential subrecipients understand the process and requirements before accepting an award of FTA funds.



The information should include the following:

- CFDA title and number, award name, award number, and award year.
- 2 CFR 200
- Requirements imposed by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by FTA
- Applicable oversight areas
- Invoice submission requirements
- Oversight and monitoring documentation requirements

### **Subrecipient Funding Agreement Execution**

FTA requirements will be stated in the agreement along with the monitoring plans. At the time of agreement execution, the subrecipient will agree to comply with all of the applicable FTA requirements and to be subject to ongoing monitoring by [Transit Agency] as described herein.

The Government Relations Division will maintain all pertinent information about each subrecipient including contact information, source and amount of funds, and summary project information for inclusion into required FTA reports. All relevant information relating to the oversight of each FTA subrecipient should be maintained in such manner as to be easily and quickly identified, complete, and readily available for use.

### **Ongoing FTA Subrecipient Monitoring**

Monitoring activities will include reviewing and approving subrecipient invoices for reimbursement, developing project status information for inclusion in the quarterly Milestone Progress Report and Federal Financial Report, conducting formal on-site compliance reviews, and managing closeout activities.

#### ***i) Invoice Reviews***

The assigned project manager will review all FTA subrecipient requests for reimbursement using the approved FTA Invoice Review Checklist (Appendix A). This will ensure all required supporting documents are submitted and that all requests are eligible for reimbursement using FTA funds.

All invoices will be reviewed to ensure only eligible expenses are charged to FTA grants. If a subrecipient invoices for indirect costs they must have had prior approval and an approved Cost Allocation Plan (CAP).

Senior management approval is required for the final invoice review at close out.

Once reviewed and approved invoice requests will be sent by the project manager to Finance for payment processing.

#### **Supporting Documentation Required**

- Detailed Project Description
- Invoice
- Vendor/Contract Invoices

- Cancelled Checks or Proof of Payment with Payment Date for Capital Items
- Operating costs from Ledger in Financial system

**ii) Quarterly Reporting**

The project manager will review program progress on a quarterly basis. The completed report will include the following areas and will be reviewed by the project manager, who will clarify any information with the subrecipient if necessary. The project manager will also ensure that this information is included in quarterly reports to FTA.

Examples of Items to Include in Quarterly Report

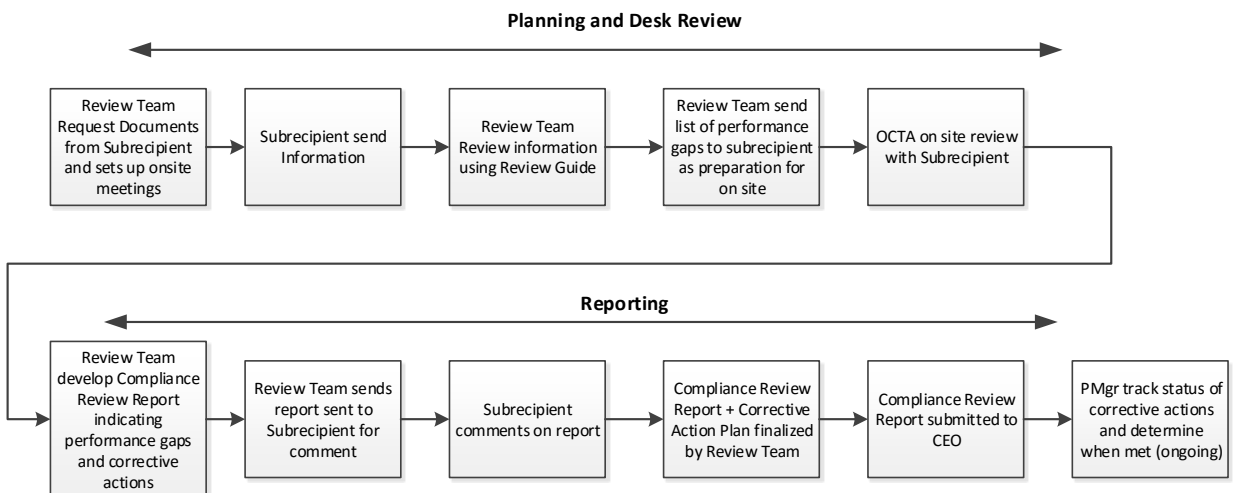
- Project Schedule including original and current completion dates
- Funding table for each ALI including fiscal year, original planned allocation, current estimates, actual expenditures, and remaining allocation
- Corrective Action Plan including updates for any delayed projects

**Formal Compliance Reviews**

All FTA subrecipients shall receive a desk top review annually and a formal on-site compliance review a minimum of once every 24 months using this Subrecipient Review Guide. The Site visit review frequency will be based on the level of monitoring needed for each subrecipient or subgrant and attributable risks as determined by Agency Grants and Project Management staff. Subgrants operating for one year or less will receive a site visit before, or within the first quarter after commitment of the funding agreement. This ensures there is enough time for any corrective actions to be completed during the course of the subgrant.

These reviews will consist of the following activities:

- i. Desk Review of Submitted Documents
- ii. On-Site Review
- iii. Compliance Review Report
- iv. Corrective Action Monitoring



All FTA subrecipients will be assessed in the areas of financial management, financial capacity, technical capacity, satisfactory continuing control, Title VI, procurement, drug free workplace, planning/ program of projects and DBE for compliance with FTA requirements. In some cases, one or more areas may not be applicable to the subrecipient, so do not require consideration. The remaining areas to be reviewed will be based on the size and natures of services of the grant, service complexity, and type of subgrant as indicated in the following chart:

<b>Compliance Area</b>	<b>Capital Projects</b>	<b>Transit</b>	<b>Planning</b>	<b>JARC and New Freedom</b>
<b>Financial Management and Capacity</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>Legal</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>Technical Capacity</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>Satisfactory Continuing Control</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>Title VI</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>Procurement</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients
<b>DBE</b>	All subrecipients with over \$250K in FTA contracting opportunities	All subrecipients with over \$250K in FTA contracting opportunities	All subrecipients with over \$250K in FTA contracting opportunities	All subrecipients with over \$250K in FTA contracting opportunities
<b>Maintenance</b>	All subrecipients with FTA funded facilities	All Subrecipients with FTA funded rolling stock or FTA funded facilities	All subrecipients with FTA funded facilities	All Subrecipients with FTA funded rolling stock or FTA funded facilities
<b>ADA</b>	All subrecipients with FTA funded facilities	All subrecipients operating fixed route services		All subrecipients operating fixed route or demand response
<b>Half Fare</b>		All subrecipients operating fixed route services		All subrecipients operating fixed route services
<b>Charter Bus</b>		All subrecipients operating Charter services		All subrecipients operating Charter services
<b>School Bus</b>		All subrecipients operating School bus services		All subrecipients operating School bus services
<b>Drug free workplace and drug and alcohol program</b>	All subrecipients with safety sensitive employees	All subrecipients with safety sensitive employees	Drug free workplace	All subrecipients with safety sensitive employees

Compliance Area	Capital Projects	Transit	Planning	JARC and New Freedom
<b>EEO</b>	All subrecipients with 50 or more transit related employees and either requests or received in excess of \$1M in capital and/or operating assistance or requests or receives in excess of \$250K in planning assistance.	All subrecipients with 50 or more transit related employees and either requests or received in excess of \$1M in capital and/or operating assistance or requests or receives in excess of \$250K in planning assistance.	All subrecipients with 50 or more transit related employees and either requests or received in excess of \$1M in capital and/or operating assistance or requests or receives in excess of \$250K in planning assistance.	All subrecipients with 50 or more transit related employees and either requests or received in excess of \$1M in capital and/or operating assistance or requests or receives in excess of \$250K in planning assistance.
<b>Public Comment</b>		All subrecipients operating fixed route services		All subrecipients that have potential for changes
<b>Planning/Program of Projects</b>	All subrecipients	All subrecipients	All subrecipients	All subrecipients

Subrecipients will be reviewed against the FTA requirements for each area as outlined in the table below.

Compliance Area	Basic Requirement (based on 2014 Triennial Review Guidance)
<b>Financial Management and Financial Capacity</b>	The subrecipient must demonstrate the ability to match and manage FTA grant funds, cover cost increases and operating deficits, cover maintenance and operational costs for FTA funded facilities and equipment, as well as conduct and respond to applicable audits.
<b>Legal</b>	The subrecipient must comply with restrictions on lobbying requirements
<b>Technical Capacity</b>	The subrecipient must be able to implement FTA funded projects in accordance with the grant application, Master Agreement, and all applicable laws and regulations, using sound management practices.
<b>Satisfactory Continuing Control</b>	The subrecipient must ensure that FTA-funded property will remain available to be used for its originally authorized purpose throughout its useful life until disposition.
<b>Title VI</b>	The subrecipient must ensure that no person shall, on the grounds of race, color, or national origin, be excluded from participating in, or be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance without regard to whether specific projects or services are federally funded. The subrecipient must ensure that federally supported transit services and related benefits are distributed in an equitable manner.
<b>Procurement</b>	Subrecipients use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the process ensures competitive procurement and the procedures conform to applicable federal law, including 49 CFR Part 18 (specifically Section 18.36) and FTA Circular 4220.1F, "Third Party Contracting Guidance."
<b>DBE</b>	The subrecipient must comply with 49 CFR Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. Subrecipients also must create a level playing field on which DBEs can compete fairly for DOT-assisted contracts.

<b>Maintenance</b>	Subrecipients must keep federally funded vehicles, equipment, and facilities in good operating condition. Subrecipients must keep ADA accessibility features on all vehicles, equipment and facilities in good operating order.
<b>ADA</b>	Titles II and III of the Americans with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service, including complementary paratransit service.
<b>Half Fare</b>	For fixed route service supported with Section 5307 assistance, fares charged elderly persons, persons with disabilities or an individual presenting a Medicare card during off peak hours will not be more than one half the peak hour fares.
<b>Charter Bus</b>	Subrecipients are prohibited from using federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. Subrecipients are allowed to operate community based charter services excepted under the regulations.
<b>School Bus</b>	Subrecipients are prohibited from providing exclusive school bus service unless the service qualifies and is approved by the FTA Administrator under an allowable exemption. Federally funded equipment or facilities cannot be used to provide exclusive school bus service. School tripper service that operates and looks like all other regular service is allowed.
<b>Drug free workplace and drug and alcohol program</b>	Drug free workplace: All subrecipients are required to maintain a drug-free workplace for all employees and to have an ongoing drug-free awareness program. Drug and Alcohol Program: Subrecipients receiving Section 5307, 5309 or 5311 funds that have safety-sensitive employees must have a drug and alcohol testing program in place for such employees.
<b>EEO</b>	The subrecipient must ensure that no person in the United States shall on the grounds of race, color, religion, national origin, sex, age, or disability be excluded from participating in, or denied the benefits of, or be subject to discrimination in employment under any project, program, or activity receiving federal financial assistance under the federal transit laws. (Note: EEOC's regulation only identifies/recognizes religion and not creed as one of the protected groups.)
<b>Public Comment</b>	Section 5307 subrecipients are expected to have a written, locally developed process for soliciting and considering public comment before raising a fare or carrying out a major transportation service reduction.
<b>Planning/Program of Projects</b>	Planning: The subrecipient must participate in the transportation planning process in accordance with FTA requirements, MAP-21, and the metropolitan and statewide planning regulations.  Human services transportation: Subrecipients must participate in a coordinated public transit-human services transportation planning process that identifies the transportation needs of individuals with disabilities, older adults, and people with low incomes; provides strategies for meeting those local needs; and prioritizes transportation services for funding and implementation.  Program of Projects (POP): Each recipient of a Section 5307 grant shall develop, publish, afford an opportunity for a public hearing on, and submit for approval, a POP.

Formal Compliance Reviews will be undertaken by a Review Team.

The Review team members will vary between subrecipients depending in the type of project, and the level of monitoring needed, to ensure that members from the relevant departments and in-house experts are engaged appropriately.

A review team would consist of:

- Grants Manager
- Project Manager
- Other internal subject matter or compliance experts as required

**i) *Review of Submitted Documents***

**Annual**

A desk review will be undertaken annually for all projects by the Review Team.

The first desk review should assess all documentation. Thereafter only new or amended policies and procedures need to be reviewed. For FTA subrecipients with medium or high monitoring requirements, or those whose funded project lasts less than a year, the first review might occur before, or within the first Quarter after execution of the subrecipient funding agreement. For all others the first desk review would be within the first year of the funding agreement.

The level of detail will depend on the determined monitoring needed for the subrecipient. For subrecipients with low levels of monitoring needed, only new or amended policies and procedures need to be reviewed. For all other subrecipients, all policies and procedures should be reviewed.

The steps are outlined below:

- **Information Request:** The Review Team will request the relevant documents from subrecipients. A draft letter requesting information can be found in Appendix B. The Subrecipient should be given 2-3 weeks to collect and submit the required documents.
- **Documentation Review:** The Review team will review the documentation. Additional documentation or clarification requests may be required.
- **Compliance Review Report:** The Compliance Review Report will be drafted by the Review Team Leader based on the findings, including any corrective actions required.

**Before On-site Review**

- **Information Request:** The Review Team will request relevant documentation at least 4 weeks in advance of the site visit based on the requirements. The Compliance Review Document List indicates the relevant documents for each area. The requested documents will be determined by the review areas applicable to each subrecipient. A draft letter requesting the information can be found in Appendix C. The Subrecipient should be asked to return the documents at least 2 weeks before the site visit to allow time for review.
- **Review Documentation:** The Review Team will review all submitted documents. The team will record which documents were received and if there were performance or information gaps in meeting the FTA requirements in each area.

- **Pre-visit information:** At least 1 week before the site visit the Review Team should send the Subrecipient the following:
  - Cover Letter (Appendix D)
  - Subrecipient Review areas. This outlines the documents that were received and areas that will be further investigated onsite, and a list of performance or information gaps in advance of the site visit, allowing the subrecipient to prepare for onsite discussions
  - The program for the on-site review to ensure that all relevant staff members are present
  - The chosen sample of procurement files, so that the Subrecipient will ensure all the documentation is ready (if applicable) for review on site.

**ii) On-Site Review**

The Review Team will coordinate the on-site reviews. It is expected that 2-3 staff would attend onsite to conduct the review based on the results of the desk review. The Review team will chose the individuals that attend each review separately, based on the skills and expertise required for that subrecipient or project. For example, an ADA subject matter expert might attend if the desk review showed missing ADA information or issues regarding ADA requirements.

The on-site reviews will concentrate on performance gaps identified during the pre-site visit documentation review, changes in policies and procedures, risk based assessment of grant management areas, and federally funded procurements.

The on-site reviews will last approximately 1.5 days and will cover the following activities:

- **Entrance Conference** – the first meeting of the site visit between the Review team and subrecipient.
 

The Review team should introduce themselves, present an overview of the compliance review objectives and process, and confirm arrangements for the review (documents requested, staff interviews, projects or federally funded assets to be inspected,). The subrecipient should have the opportunity to raise any issues they would like to discuss.
- **Interviews and Review of Outstanding documentation** – Covering any outstanding questions or gaps from the desk review.
- **Visit and Inspect Federally Funded Facilities, Vehicles and Other Major Assets** – Including, observing the condition of facility and equipment, reviewing preventive maintenance records for a sample of federally funded revenue vehicles and facilities, verifying that the subrecipient has equipment control procedures, and reviewing procurement files and other documentation to confirm that the subrecipient has effective and comprehensive oversight procedures.

- **Preliminary findings of deficiency** – During the review, the Review Team should check all FTA requirements and tabulate the findings. This will help to identify the preliminary findings and ensure all areas are covered while on site.
- **Exit Conference** – The site visit will conclude with an exit conference during which the Review Team will debrief the subrecipient team.

At the exit conference, the preliminary findings of the deficiency will be distributed by the Review Team and discussed with the subrecipient along with proposed corrective actions and milestones for completion. The subrecipient should advise if any comments have been misstated or if there may be obstacles to the implementation of corrective actions.

The table below indicates the headings used to document findings and an example finding.

Area	Finding	Deficiency	Corrective Action	Response Date
Financial Management & Capacity	Finding	No existing financial plan.	The subrecipient must submit a multi-year financial plan.	10/17/2014

Findings can take a number of forms:

- **‘No finding’**: Subrecipient documentation meets FTA requirements
- **‘Finding’**: Subrecipient is missing documentation or the documentation provided is missing key FTA requirements
- **‘Not Applicable’**: An area can be deemed not applicable if, after an initial assessment, the subrecipient does not conduct activities for which the requirements of the respective area would be applicable

Each finding will be accompanied by a corrective action that must be completed by the subrecipient to bring the project into compliance with FTA requirements. The corrective actions, along with timescales for completion, form a corrective action plan which the subrecipient will be monitored on. Corrective actions could include developing new policies and procedures, training staff, and monitoring of staff performance to ensure compliant policies are followed.

Corrective actions should be specific, measurable, and assignable to the subrecipient and ensure the deficiency is removed. The timescale given for the corrective action should be realistic, but enable the deficiency to be removed as quickly as possible. All corrective actions should be completed within 90 days of the date of the final report.



Some findings may be historic one-off events, for example not completing an equity analysis for a past fare or service change. As it is too late to undertake the analysis as the change has occurred, the subrecipient should instead be asked to submit procedures ensuring the requirement is not missed in the future. If this is done, the finding would not be carried in future compliance reviews.

**iii) Compliance Review Report**

Based on the findings noted in the Exit Conference, the Review Team Leader will develop a report indicating any performance gaps identified in the relevant compliance areas as a result of the review. The draft report should be sent to the subrecipient for comment 10 business days after the date of the site visit.

Between the site visit and date of the draft report the subrecipient can submit to the Review Team documentation that will be considered in the draft report. Documentation can take two forms:

- If the documentation provides clarification that the subrecipient was compliant at the time of the site visit, reference to the finding should be removed.
- If the documents provide evidence that a finding has been corrected since the site visit, the finding should be listed in the draft report, but noted as closed.

The subrecipient will be sent the FTA Compliance Review Report and corrective action plan 10 days after the date of the site visit and should be given 10 business days in which to comment on the corrective actions planned or recommended. Appendix E provides a letter template to send recipients with the draft report. Amendments to the FTA Compliance Review Report can be agreed by the project manager where necessary.

The FTA Compliance Review Report will be submitted to the General Manager or designee for transmittal to the subrecipient.

**iv) Corrective Action Monitoring**

The Project Manager will be responsible for tracking the status of all corrective actions and determining when all corrective action requirements have been met within the agreed timeframe. A Subrecipient Compliance Checklist for tracking corrective actions is in Appendix F. Progress should be reported to the Grants Manager. If a subrecipient does not deliver the corrective actions in the agreed timeframe, future payments may be withheld or additional funding may not be provided.

**Closeout Reviews**

Grant closeout is the term used to signify the process by which FTA determines that all activities in a grant are complete and Federal funds have been expended.

The project manager will conduct a formal Grant Closeout Review prior to closing out any FTA subrecipient cooperative agreement. This ensures all program requirements have been met and

properly documented, and that all requests for reimbursement have been processed. Final reimbursements will be held until subgrant closeout has been initiated.

All closeout documentation must be submitted within 90 days of the completion of all activities in the grant.

The results of the closeout review will be documented in a final status report for the project/subrecipient. A summary of the closeout activity will be included in the FTA quarterly reports.

## Appendices

The table below contains a list of the tools and templates that accompany this procedure document.

<b>A. FTA Subrecipient Invoice Review Checklist</b>
<b>B. Letter Desk Review Info</b>
<b>C. Letter Site Visit Notification</b>
<b>D. Letter Pre-Site Visit Info Report</b>
<b>E. Letter Draft Compliance Report</b>
<b>F. Subrecipient Compliance Checklist</b>

## FTA Subrecipient Invoice Review Checklist

<b>Contract/Recipient Number</b> _____	<b>Invoice Number</b> _____
<b>Project Title</b> _____	<b>Invoice Date(s)</b> _____
<b>Subrecipient</b> _____	<b>Invoice Value</b> _____
<b>Purchase Order #</b> _____	<b>Actual Local Match</b> _____ %
<b>Contract Value</b> _____	<b>Payments to Date</b> _____
<b>Project Manager</b> _____	<b>Division</b> _____

*Type of Contract*

- Fixed Price
- Fixed Unit Price
- T&M
- Construction Management Services

*Payment Terms*

- Milestone     Yes     No
- Progress         Yes     No
- Emergency       Yes     No

*Applicable Wage Rates*

- Davis Bacon

1. Supporting Documentation		Comments
<b>a. Project Description</b>  (Invoice #1)	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>b. Project Location</b>  (Invoice #1)	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>c. Project Site Photos</b>  (where applicable)	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>d. Vendor / Contract Invoices</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>e. Purchase Orders</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>f. Cancelled Checks or proof of</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

payment with payment date	<input type="checkbox"/> N/A	
<b>h. Operating costs</b> (from Ledger in Financial system)	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>i. Cost estimate update</b> (Invoice #1)	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>2. Invoice - Format as per Contract</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>3. Review of Rates</b>		
<b>a. Complies with Contract Pricing</b> Including Local Match Level	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>b. Reflects Current Wage Rates</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>4. Performance within Terms of Contract</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>5. Complies with Established Contract Cost/ Price</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

<b>6. If Subrecipient had invoiced indirect costs, have they...</b>		
<b>a) Had prior approval?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	
<b>b) An approved Cost Allocation Plan (CAP)? And, do the invoiced indirect costs follow the agreed CAP?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A	

**7. Costs Questioned:**

Type	Value	Allowable Cost?	Comments
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	

**8. Retainage**     \$ \_\_\_\_\_     % \_\_\_\_\_     **9. Costs approved**     \_\_\_\_\_

Approval	Signature	Date
Project Manager		

## Letter to Subrecipients – Desk Review

Mr./Mrs.

Executive Director

[Subrecipient]

Street Address

City, State, Zip

### Re: FTA Subrecipient Compliance Review and Information Request

Dear Mr./Mrs Executive Director:

The [Transit Agency] is conducting a Subrecipient Compliance Review of your agency. This annual desk based review determines whether a subrecipient is administering its FTA-funded programs in accordance with 49 U.S.C. Chapter 53, Federal transit law provisions. It assesses subrecipient management practices and program implementation to ensure that the programs are administered in accordance with FTA requirements and are meeting program objectives.

Please find attached a Subrecipient Information Request which provides instructions and document requests. If you believe any document requested is not applicable to your organization, please explain why. Your responses to this request will support our assessment of your agency's compliance with federal requirements.

Please send the requested information to [Transit Agency] by [insert date].

The findings and any corrective actions will be discussed with you following the review.

If you have any questions about the review, the discussion items or the documentation required, please contact [insert project manager name and contact information].

Sincerely,

[Name]

[Title, Department]

## Letter to Subrecipients – On-Site Review

Mr./Mrs.

Executive Director

[Subrecipient]

Street Address

City, State, Zip

### **Re: FTA Subrecipient Compliance Review and Information Request**

Dear Mr./Mrs Executive Director:

The [Transit Agency] plans on conducting a Subrecipient Compliance Review of your agency on [insert date]. The review will determine whether you are administering your FTA-funded programs in accordance with 49 U.S.C. Chapter 53, Federal transit law provisions and our subrecipient agreement. The purpose of the review is to assess your management practices and program implementation to ensure that programs are administered in accordance with FTA requirements and are meeting program objectives.

Our process begins with the attached Subrecipient Information Request which provides instructions and document requests. Your responses to this request will support our assessment of your agency's compliance with federal requirements.

Please send the requested information to [Transit Agency] by [date]. If you believe any document requested is not applicable to your organization, please explain why. This document request includes a list of procurement files, as the Review Team will wish to review a sample of files on site. The sample of files will be determined before the site visit.

Please have members of your staff who are familiar with the topics and related issues available during the site visit so that our time together will be as productive as possible.

If you have any questions about the review, the discussion items or the documentation required, please contact [insert project manager name and contact information]. We look forward to a meaningful and successful visit. Thank you.

Sincerely,

[Name]

[Title, Department]

## Letter to Recipients – Pre-Visit Information Report

Mr./Mrs.  
Executive Director  
[Subrecipient]  
Street Address  
City, State, Zip

### **Re: FTA Subrecipient Compliance Review and Information Request**

Dear Mr./Mrs Executive Director:

The [Transit Agency] will be conducting a Subrecipient Compliance Review of your agency. The review will determine whether you are administering your FTA-funded programs in accordance with 49 U.S.C. Chapter 53, Federal transit law provisions and our subrecipient agreement. The purpose of the review is to assess your management practices and program implementation to ensure that programs are administered in accordance with FTA requirements and are meeting program objectives.

On [date] we sent you a Subrecipient Information Request providing instructions and document requests. Thank you for the documents you have sent us.

In order for your agency to prepare for the on-site review, we have provided you with our initial review of the documents received so far. This outlines the documents received, missing documents and any issues with submitted documents outlined under the 'comments' sections. Please review the attached report in advance of the site-visit. Please have all outstanding documents available for the Review Team at the site visit and ensure all relevant staff members are available for interview.

As agreed, the site visit will occur [dates]. This will start with an Entrance Conference [time date] introducing the Review Team, and will conclude with an Exit Conference at [time/date] to discuss the preliminary findings. During the review the team will undertake interviews, review documentation and visit and inspect federally funded facilities, vehicles and other major assets.

If you have any questions about the Pre-Visit Information report or the review activities, please contact [insert project manager name and contact information]. We look forward to a meaningful and successful visit. Thank you.

Sincerely,

[Name]  
[Title, Department]



## Letter to Subrecipients – Draft Compliance Report

Mr./Mrs.

Executive Director

[Subrecipient]

Street Address

City, State, Zip

### Re: FTA Subrecipient Compliance Report

Dear Mr./Mrs Executive Director:

As you know, the [Transit Agency] recently undertook a Subrecipient Compliance Review of your agency.

This review determines whether a subrecipient is administering its FTA-funded programs in accordance with 49 U.S.C. Chapter 53, Federal transit law provisions. It assesses subrecipient management practices and program implementation to ensure that the programs are administered in accordance with FTA requirements and are meeting program objectives.

The review focused on [subrecipiient] compliance in [#] areas. No deficiencies were found with FTA requiremenst in [#] areas. Deficiencies were found in [#] areas [LIST]. [Subrecipient] had [#] repeat deficiencies from the previous [date] Suprecipient Compliance Review , in the areas of [LIST].

Please find attached a draft Compliance Review Report, outlining these findings and the corrective actions.

Please review this draft report for accuracy and provide your comments to the Review Team Leader within ten business days from the date of this letter. A final report, that incorporates your comments to the draft report, will be provided to you within [#] business days of your response.

Thank you for your cooperation and assistance during this Subrecipient Compliance Review. If you have any questions, please do not hesitate to contact [review team leader name and contact info].

Sincerely,

[Name]

[Title, Department]

**Subrecipient Compliance Checklist**

Subrecipient: \_\_\_\_\_

Contract Number: \_\_\_\_\_

Period: \_\_\_\_\_

Grantee

Contractor Staff

Reviewer: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Area	Requirement	Completed		Corrective Action	Due Date
		Yes	No		
Vehicle Maintenance	Preventive Maintenance performed on time				
	Conducts Maintenance on Accessible features				
Complaints	Records and Documents Complaints				
	Resolves Complaints				
Physical Inventory	Records fixed assets being managed				
	Assesses physical condition				
Procurement	Captures all FTA required elements				
	Maintains procurement documentation				
Driver Training	Conducts initial training				
	Conducts refresher training				
DBE Compliance	Submits timely and accurate semi-annual data				
	Shows evidence ensuring DBE participation				
ADA Compliance	Provides accessible facilities and vehicles				
	Trains staff in requirements to proficiency				
	Monitors service and customer satisfaction				
	Addresses Complaints				

Area	Requirement	Completed		Corrective Action	Due Date
		Yes	No		
Title VI	Provides training as required by LAP				
	Ensures public notice				
	Addresses complaints				
Drug and Alcohol	Performs D&A testing at FRA levels				
	Audits third-party specimen analyzer				
EEO Plan	Updates plan as needed				
	Evaluate areas of underutilization				
Overall	Maintains detailed Records				
	Analyze performance				
	Implements Corrective Actions				