
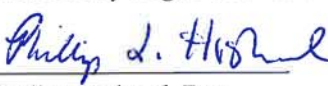


District of Columbia Department of Health Fiscal Monitoring of Grants		PROCEDURE 418.000 Implementing Office: Office of the Director/Office of Grants Management Training Required: Yes Originally Issued: APR 28 2022 Revised/Reviewed:
Approved by:  LaQuandra S. Nesbitt MD, MPH; Agency Director	Review by Legal Counsel:  Phillip Husband, Esq.; General Counsel	Effective Date: APR 28 2022 Valid Through Date: APR 28 2025

I. Authority	Reorganization Plan No. 4 of 1996; Mayor's Order 1997-42; Code of Federal Regulations Title 2 Subtitle A Chapter II Part 200 ("2 CFR 200").
II. Reason for the Policy	<p>The District of Columbia Department of Health ("DC Health" or "the Department") relies upon grantee organizations to provide services to District residents and visitors. These services are funded by local funds, federal awards or private grants that DC Health receives and then distributes to grantees through sub-grant agreements. Protocols are necessary to ensure that DC Health has accurate, current and complete disclosure of the status of the financial health of community partners and the funding provided to them through Notices of Grant Award (NOGAs). Through routine monitoring of sub-grantee budgets, spending and changes on agreements, DC Health can ensure that the agency's fiscal management goals are met: (a) the funds are spent on allowable, allocable, and reasonable costs, in a timely manner, and pursuant to programmatic goals and requirements of the fund source; (b) changes are imposed post-award only as needed and in a manner that is co-managed by both a fiscal and programmatic monitor; (c) tools and procedures to make change post-award are allowable by law and in line with what is needed for the program's successful outcome; and (d) any known risk issue (e.g. of lapse) and any incident of fraud, mismanagement and abuse of funding is reported and addressed by DC Health management, including the Office of Grants Management.</p>

	<p>Tools afforded to the Department and its grantee partners provide flexibility and manage real world conditions where assumptions and projections of costs that initially informed the budget prove incorrect, program and operational changes occur, or external shocks change the expectations for a grantee delivering those services. These tools include Modifications, Amendments, and the option for grantees to seek prior approval for determination of allowable costs, to mitigate any risk of disallowance of a reimbursement request after the expense has already occurred. Prior approval is a tool that ensures that the change is done in a way that makes it clear to all parties that the change is allowable based on an authorized person's decision and that it is documented so others may proceed with initiating changes.</p> <p>DC Health has an obligation to communicate clear procedures for using these tools to grantees, and among DC Health personnel. Furthermore, timely and accurate data on expenditures, the burn rate of grant funds, overall fiscal performance, and reasonable projections of the amount of funds to be accrued or carried-over must be available to grantees and DC Health staff managing both the fiscal and programmatic components of sub-grant agreements. These data are critical to assess and facilitate compliance, prompt timely and meaningful technical assistance, mitigate the risk of lapsed grant funds, and enable orderly and timely closeout at the conclusion of a fiscal year and budget period.</p>
III. Applicability	<p>This SOP shall apply to all DC Health employees, contractors, interns, and summer youth employees. These individuals are referred to collectively herein as "employees" or "DC Health employees."</p>
IV. Policy Statement	<p>Fiscal monitoring of grants is jointly managed according to a division of labor enumerated herein, by the Office of Grants Management (OGM) within the Office of the Director (OD) and the DC Health program that administers the sub-grant being monitored. The Chief of the Office of Grants Management (OGM Chief) is the accountable manager over all tasks assigned to OGM. The Program Manager (PM) is the accountable manager over all tasks assigned to the program. DC Health applies a co-monitoring construct to programmatic, fiscal and administrative oversight of each grant, whereby a Grant Monitor (GM) and Project Officer (PO) are assigned.</p>

Grantee Orientation

At the beginning of a new grant, the PM, or designee, will convene a grantee orientation for all grantees funded under the new grant. The PM has the discretion to request OGM guidance and/or attendance. OGM will provide technical assistance for a grantee orientation upon request. Employees facilitating the grantee orientation will:

1. Clearly outline the result of the risk assessment and the resulting risk-based monitoring plan. The GM and PO will use a risk-based monitoring plan format provided by or approved by OGM;
2. Provide information regarding the fund source(s), including the period of availability, allowable and unallowable costs for the funding as outlined in the Office of Management and Budget (OMB) Uniform Administrative Guidance, and federal and local fund source agreements held by DC Health and applicable to the funded program;
3. Review the payment request process, including required and acceptable support documents;
4. Clearly communicate the requirement that grantees invoice and submit progress reports by the 15th of the month after the end of the billing period, including the risk of a Notice of Non-Compliance for failure to submit timely invoices and progress reports;
5. Review the procedures for requesting and initiating a change request for the grant, including Modifications and Amendments. The assigned monitors (GM and PO) will direct the grantee to consult their PO and GM prior to submitting a Modification/Amendment request;
6. Review the process for requesting technical assistance;
7. Review Notices of Non-Compliance and possible sanctions for a recurrent pattern of poor performance on fiscal management.
8. Review the requisite tasks and oversight responsibilities of the GM and PO assigned to monitor the subgrant.
9. Review the fiscal year, budget period and project period close-out requirements. This includes instructions for budget period expenditures that may need to be accrued in

	<p>order to apply the payment properly to the correct fiscal year or budget period</p> <p>Prior Approval for Allowable Cost Determination</p> <p>The GM is responsible for reviewing all invoices to ensure they do not contain charges for disallowed costs. The GM will reject any invoice which includes a charge for a disallowed cost.</p> <p>A grantee may request prior approval for determination of an allowable cost prior to the activity that incurs the expense. If approved by the PM, the GM or the grantee can proceed with initiating the requisite change request.</p> <p>If the expense has already occurred and it is deemed unallowable (per the grant agreement, by statute or pass-through restrictions/limits in a federal agreement), the GM will disallow the expense. The grantee may subsequently seek authorization for a charge that was initially disallowed by submitting a request for a review for determination of allowable cost. The GM shall review the request with the PO to make a recommendation and prepare a final approval request to the PM.</p> <p>To make the determination of an allowable cost, the PO and the PM must both conclude:</p> <ol style="list-style-type: none"> 1. DC Health has the authority to grant the request (the GM, PO, and PM will coordinate with the federal project officer, or individual with comparable authority, to make this determination); 2. The charge in question aligns with the goals of the program; and 3. The activity is budgeted and has a narrative justification. <p>The PM will communicate an approved allowable cost to the grantee through a written notice of approval with guidance to include the applicable charge in the next invoice. Any requirements for revising the budget, spending plan or scope of work/work plan must follow DC Health rules and procedures, including those herein for Modifications and Amendments.</p>
--	---

Monitoring Reviews

DC Health programs will conduct a routine monitoring review for all grantees they fund at a minimum once per quarter. GMs are responsible for conducting a fiscal desk audit, generating a Fiscal Monitoring Report for each grantee in advance, and communicating those reports to applicable POs and PMs. At a minimum, the Fiscal Monitoring Report will include:

1. Budget to actual spending;
2. Burn rate (by percentage) for the budget period;
3. Variances between the approved spending plan and monthly expenditures;
4. Patterns of on-time/late payment requests and delayed submissions of payment requests to the DC Vendor Portal;
5. Status of required Federal Audit Clearinghouse submissions and any open audit findings for unallowable costs and cash management deficiencies for the grantee organization; and
6. Any pattern of disallowed costs and frequency of budget revision requests by the grantee.

At a minimum, the PO will prepare the following items in advance of the monitoring session:

1. Status of targeted deliverables;
2. Changes in scope or projected changes in deliverables that might warrant a Modification;
3. Actual or projected changes in staffing plans of instances of vacancies; and
4. An assessment of whether the spending is consistent with the projected cost of activities delivered to date.

The Grants Supervisor (GS) shall review the reports prior to the Monitoring Review Session to verify that a thorough fiscal desk review has been completed.

The PM has the authority to convene an ad hoc monitoring review to discuss any emergent issues that require time-sensitive review and resolution. The monitoring review shall not replace any required site visit (fiscal, programmatic or comprehensive), but can be used as a tool to prepare for a site visit and/or inform the frequency and type of site visit to schedule.

The PO, PM, and GM will attend the monitoring review and discuss each grantee's fiscal status. The objectives of the review are as follows:

1. Review each grantee's burn rate and overall fiscal performance, and determine if it is consistent with the Department's expectations for that point in the budget period;
2. Identify if a grantee is consistently invoicing on schedule;
3. Agree to a responsive action for any issues identified. Responsive actions include Modification, Amendment, virtual site visit, in-person site visit, or Notice of Non-Compliance.

Modifications

A request for a Modification will be submitted in the Enterprise Grants Management System (EGMS). The grantee, PO, GM, or PM may initiate the request. Examples of reasons for a Modification request include, but are not limited to:

1. A line item has insufficient funds to cover a current invoice or anticipated future invoices for an allowable cost;
2. Adjusting for an incorrect estimate of the spend across line items;
3. Adjusting for an external shock that results in overspending or underspending in specific line items. Examples include a staffing shortage, a significant change in the demand for a service, or the conditions under which it is delivered.

See Procedure D below for the approvals required for DC Health to revise the Notice of Grant Award (NOGA) in light of a Modification request.

The use of Modifications to spend down funds rapidly at the end of a budget period is an improper use of this tool. As such, DC Health will not accept Modification requests from grantees during the final sixty (60) calendar days of a budget period without prior approval from the administration's Deputy Director for Operations (DDO).

A PO will contact a grantee if and when available information suggests the likelihood of overspend or underspend. The PO and

GM have the discretion to recommend a grantee request a Modification to alleviate the concern. POs and GMs are responsible for encouraging grantees to consult with them prior to submitting a Modification request.

POs and GMs are responsible for communicating to grantees that a pending Modification will disrupt the process of submitting an invoice or applying for a continuation of funds.

Amendments

Acceptable reasons for DC Health to consider approving an Amendment request from a grantee include:

1. Adding funds to accommodate greater-than-expected demand for the products and services provided;
2. A grantee reducing funds because they cannot realistically be spent during the budget period;
3. Moving funds between service areas, or adding a new service area, in a manner that will result in a change in the overall award or staffing plan;
4. Launch of a new initiative requiring additional funds;
5. Extending the period of performance with or without the addition of funds in order to ensure a project is completed or services maintained.

The GM will endeavor to communicate regularly with assigned grantees such that any requests for Amendments are discussed prior to them being initiated.

DC Health also reserves the authority to initiate an Amendment as a sanction against a grantee who has received a Notice of Non-Compliance.

See Procedure E below for the approvals required for DC Health to revise the NOGA through an approved Amendment request.

Late Payment

DC Health employees are responsible for providing escalating notices to a grantee who has failed to submit a payment request within the permissible period (see Procedure F below). If the

grantee has not submitted a payment request by the conclusion of all of those notices, OGM will issue a Notice of Non-Compliance.

Notices of Non-Compliance and Sanctions

DC Health reserves the authority to issue a Notice of Non-Compliance to any grantee with a recurrent pattern of poor fiscal management. DC Health may only do so for an issue that has recurred despite the grantee receiving documented technical assistance, issued a warning, and given an opportunity to take corrective action.

OGM will change the status of all grants held by a grantee who has received a Notice of Non-Compliance to high-risk. The GM and PO will amend the risk-based monitoring plan accordingly, and direct a site visit. The GM and PO have the discretion to direct either a virtual or in-person site-visit based upon the circumstances and severity of the non-compliance.

The Chief of OGM, the PO, the GM, and the PM will meet after the site visit to determine if the grantee will be sanctioned. If so, this team will direct the sanction from the following:

1. Request for a corrective action plan;
2. Stop work order;
3. Award reduction;
4. Termination of grant agreement for cause.

DC Health reserves the right to refer cases of suspected fraud, mismanagement, or abuse to the relevant authorities (e.g. the DC Office of the Inspector General, law enforcement, and/or any applicable health professional licensing board). DC Health employees will comply fully with any investigation of suspected illegal or unethical conduct. DC Health will document any substantiated incidents of fraud, mismanagement, or abuse for consideration in future competitive grant solicitations.

Fiscal Closeout

The Grant Monitor is responsible for ensuring that the grantee receives a list of the documents required for closeout a minimum of 30 days in advance of the budget period ending.

At a minimum, the final payment request and progress report are required for closeout. Additional documents may be required on a case-by-case basis. All additional documents DC Health is requiring must be requested in the advance written notice.

In the final quarterly monitoring review before the end of the budget period, the GM will include a projection of unobligated or unspent funds in addition to the aforementioned documentation, as well as anticipated carry-over funds or accruals.

The review team has the authority to direct an Amendment to deobligate unspent funds if the amount of underspending warrants it.

A small amount of underspending, or any unspent funds remaining after a budget Amendment to deobligate funds will be communicated to the Office of the Chief Financial Officer (OCFO) to deobligate the funds from the corresponding purchase order. Any increase or decrease in funding will be communicated to the requisitioner who will initiate the Modification in the electronic procurement system to reduce/increase the purchase order.

The PO and GM will meet and jointly review the final progress report. At a minimum, the PO and GM will assess the deliverables that were met during the budget period, and generate recommendations for the grantee for the next budget period (if applicable). These recommendations will be considered during the continuation process. Examples of such recommendations include, but are not limited to:

1. Increasing or decreasing the grantee's award based upon the grantee's performance at reaching and serving the target population;
2. Broadening or narrowing the scope of activities the grantee will be funded to perform based upon their performance during the concluding budget period, and their capacity to perform activities, e.g. credentialed staff, appropriate facilities, or any other applicable resources.

Any employee in violation of any part of this SOP may be subject to commensurate disciplinary action.

V. Definitions & Acronyms

Accrual- The carrying value of obligations assumed for works, goods, and services performed/rendered/delivered but not yet invoiced or paid by the end of the budget period.

Amendment- An increase or decrease in the overall budget amount, a revision of the budget line items, a change in the period of performance (e.g. budget period or project period start or end dates, or a change in the service areas initially approved (i.e. revising, adding or removing). The result of an amendment is a change in the NOGA.

Burn rate- The percentage of awarded funds a grantee has spent to date in the budget period.

CBO- Community-based organization

EGMS- Enterprise Grants Management System. EGMS is a software application DC Health uses to manage plan, issue and manage subgrants.

GAAP- Generally accepted accounting principles. The Financial Accounting Standards Board uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.

GM- Grant Monitor

GS- Grants Supervisor

Modification- Movement of funds from one budget line item to another. A budget modification produces no change in the budget amount, only a redistribution of funds between line items. A Modification can also include a change in the scope of services or schedule of deliverables, work plan or a change in key personnel for the grant. None of these actions require a change on the Notice of Grant Award and can be managed by the administration and not go to the Office of the Director approval flow.

NOGA- Notice of Grant Award

OCFO- District of Columbia Office of the Chief Financial Officer

OD- Office of the Director

	<p>OGM- DC Health Office of Grants Management</p> <p>OMB- United States Office of Management and Budget</p> <p>PM- Program Manager</p> <p>PO- Project Officer</p>
VI. Procedures	<p>Procedure A: Reviewing Invoices for Allowable Costs</p> <ol style="list-style-type: none"> 1. The GM will review all line items in the grantee invoice, flagging any charges for a disallowed cost. 2. The GM will relay any flagged charges to the PO and PM to verify that they were not pre-approved through an allowable cost determination. 3. If the charge with a disallowed cost was not pre-approved, the GM will reject the invoice back to the grantee with instructions to resubmit without the flagged charge. 4. The GM will include instructions on requesting a review for allowable cost should the grantee opt to do so. <p>Procedure B: Determination of an Allowable Cost</p> <ol style="list-style-type: none"> 1. The grantee will submit a written request for a determination of an allowable cost. This request will include the following elements: <ol style="list-style-type: none"> a. A description of the applicable charge; b. The cost of the charge; c. A justification for why the charge should be paid, including how the charge aligns with the goals of the grant program. 2. The PO and PM will independently assess whether: <ol style="list-style-type: none"> a. DC Health has the authority to consider the request in consultation with the federal project officer, or individual with comparable authority; b. The charge in question aligns with the goals of grant program.

3. If both the PO and PM agree that DC Health has the authority to grant the request, and that the charge aligns with the goals of the grant program, the PM will issue a notice of approval with guidance to submit the approved charge with the next invoice. This guidance will specifically specify whether notice of approval covers a one-time charge or a recurring charge.

Procedure C: Quarterly Monitoring Review

1. The assigned Grant Monitor (GM) will conduct a fiscal desk review and generate a Fiscal Monitoring Report for each grant in their portfolio in advance.
2. The Project Officer (PO) shall prepare the assigned documentation (see above).
3. GMs and POs will distribute the materials to all meeting attendees in advance of the monitoring review session.
4. The PO and GM will meet to discuss each grantee's payment history and burn rate, notifying the PM of the outcome. The outcome shall be a status report, indicating: (a) On-target/Satisfactory, (b) At-Risk, (c) Non-compliant with an accompanying narrative. If at-risk or non-compliant, a corrective action plan will be requested of the grantee.
5. The team will direct an action in response to any applicable fiscal management issues discovered in the review, e.g., Modification (see Procedure D), Amendment (see Procedure E), Notice of Non-Compliance, or sanction (see Procedure G).

Procedure D: Modification

1. The grantee initiates a request for a Modification in EGMS.
2. The Project Officer and Grant Monitor (GM) will arrange a meeting with grantee staff to discuss the context of the

	<p>Modification request. This requirement is waived if such a discussion occurred prior to the request being initiated.</p> <ol style="list-style-type: none"> 3. EGMS will auto-create an approval chain for the Modification. 4. Within three (3) business days of receipt, the GM will verify that the additions to, and deductions from, budget line items total zero. 5. If the additions and deductions do not total zero, the GM will reject the Modification request back to the grantee noting the issue. 6. If the GM approves the request, the PO will, within three (3) business days, approve or reject the request. The PO will approve the request if: <ol style="list-style-type: none"> a. The requested revised budget consists entirely of allowable costs; and b. The Modification aligns with the purpose of the program. 7. If the PO approves the request, the PM will, within three (3) business days, approve or reject the request. He/she shall do so on the basis of affirming or overruling the PO's judgment on the two decision points in Step 6. 8. If the PM approves the request, EGMS will generate a revised budget. The revised budget will have the same six-digit Grant ID with a suffix connoting the version of the budget, e.g. 001 if this is the first revision of the budget, 002 for the second version of the budget, etc. 9. EGMS will generate a new NOGA reflecting the revised budget and notify the grantee it is available for download. <p>Procedure E: Amendment</p> <ol style="list-style-type: none"> 1. The grantee (or the PO/PM/GM if the Amendment is initiated internally) will complete a request in EGMS consisting, at a minimum, of a proposed revised budget, a line item narrative budget justification, and a revised work
--	---

	<p>plan. Depending upon the specific request, a new staffing plan, or a new scope of services table may be required.</p> <ol style="list-style-type: none"> 2. The GMS shall, within three (3) business days, evaluate the following, rejecting any incorrect submissions back to the grantee: <ol style="list-style-type: none"> a. Verify that the budget calculations are correct; b. Verify that any change in staffing aligns with the change and does not commit a grantee's effort to over 100%. c. Verify the Amendment does not violate any regulation within 2 CFR 200; d. Verify the change is consistent with generally accepted accounting principles (GAAP). 3. The GMS will adjust the funding amount in the attributes section of the budget in EGMS as necessary. 4. Within three (3) business days of receipt, the PO will review the revised budget to verify the following, rejecting the request back to the grantee if the conditions are not met: <ol style="list-style-type: none"> a. The budget table is present and appropriate vis-à-vis the focus of the award; b. The work plan is present and appropriate vis-à-vis the focus of the award. 5. If the PO approves the request, the PM will, within three (3) business days, approve or reject the request. He/she shall do so on the basis of affirming or overruling the PO's judgment on the two decision points in Step 4. 6. If the PM approves the request, EGMS will generate a revised budget. The revised budget will have the same six-digit Grant ID with a suffix connoting the version of the budget, e.g. 001 if this is the first revision of the budget, 002 for the second version of the budget, etc. 7. The Bureau Chief will verify the programmatic reason for the Amendment is still valid and approve in EGMS if it is.
--	--

8. An authorized requisitioner will create a requisition in the electronic procurement system. The requisition will go through all required approvals.
9. The GM will input the funding attributes.
10. The Senior Deputy Director will review the Amendment in EGMS and approve if it is appropriate to proceed.
11. EGMS will generate an electronic notification prompting the grantee to accept the revised budget.
12. The Agency Grant Reviewer within OGM will review verify that the budget period and project period dates are correct and will not produce a back-dated NOGA, adjusting those dates as necessary.
13. The Agency Grant Reviewer will verify that the requisition is progressing through approvals in the electronic procurement application on schedule.
14. The Agency Grant Approver will review the amendment on behalf of the Office of the Director.
15. OGM will review and approve the requisition in the electronic procurement system and the system will generate an updated purchase order.
16. The OGM Chief will authorize a new NOGA.
17. EGMS will generate a new NOGA reflecting the revised budget and notify the grantee it is available for download.

Procedure F: Late Payment

This procedure is to be used if a grantee has failed to submit an invoice by the 15th of the month following the end of a billing period.

1. The Grant Monitor will send a First Notice: Reminder letter to the grantee five (5) business days after the invoice is due requesting that they submit the required invoice.

2. If the grantee has not submitted an invoice within three (3) business days of the First Notice: Reminder letter, the Grant Monitor will send a Second Notice: Warning letter to the grantee.
3. If the grantee has not submitted an invoice within three (3) business days of the Second Notice: Warning letter, the Grant Supervisor will send a Third Notice: Risk of Non-Compliance letter to the grantee, copying the Chief of OGM on that communication.
4. The Chief of OGM, or designee, will notify all Grant Supervisors agency-wide whose portfolio includes that grantee, of the grantee being at risk of non-compliance.
5. If the grantee has not submitted an invoice within three (3) business days of the Third Notice: Risk of Non-Compliance letter, OGM will issue a Notice of Non-Compliance to the grantee.

Procedure G: Grantee Non-Compliance and Sanction

This procedure is to be used once OGM has issued a Notice of Non-Compliance.

1. OGM will change the status of all of the non-compliant grantee's grants to high risk.
2. The Grant Monitor and Program Officer will amend the monitoring plan of the non-compliant grantee.
3. The GM and PO will determine if the Notice of Non-Compliance warrants a virtual or in-person site visit.
4. The PO, and GM will complete the site visit as directed in Step 3. The PM has the discretion to attend as needed.
5. The Chief of OGM, the GM, and the PO will meet to determine if the grantee will be sanctioned.

6. If a sanction is approved, the Chief of OGM, GM, and PO will determine the sanction type:
 - a. Request for Corrective Action Plan
 - b. Stop work order
 - c. Award reduction;
 - d. Termination of grant agreement.
7. OGM will notify the grantee of the sanction.
8. The PM will initiate the change in grant status in EGMS.

Procedure H: Fiscal Closeout

1. The GMS will send written notice to the grantee that there are 30 days remaining in the budget period. This notice will include the documents the grantee must submit for closeout.
2. The GMS will identify any underspending present after the final payment request and report that underspending to the PM, PO, and GM.
3. If there is a large amount of unspent funds, the GMS will initiate a budget Amendment to deobligate those funds.
4. The grant will be submitted to OCFO to deobligate any remaining funds from the purchase order.
5. Concurrently with steps 2-4, the PO and PM will jointly review the final progress report, assessing the deliverables that were met, and the outcomes achieved.
6. Per the review in step 5, the PO and PM will generate recommendations for the grantee for the next budget period (if applicable). See above for examples of these recommendations.
7. The PM, or designee, will append the closeout recommendations to the continuation documentation (if applicable).

VII. Contacts	Chief of the Office of Grants Management Program Managers overseeing sub-grant agreements
VIII. Related Documents, Forms and Tools	None