

Monitoring Your Adult Education Providers: Policy and Guidance for State Adult Education Directors



2012 Annual State Directors Meeting
Washington, DC
April 2012



Introductions



- Name and Agency?
- How many AEFLA awardees do you have?
- How many other State adult education awardees?

SESSION PLAN



Overarching Federal Policy and Guidance on Monitoring

- What is monitoring?
- What do broad Federal policy and guidelines tell us about monitoring?
- What are some of the “rules” for monitoring State-administered U.S. Department of Education (ED) grants?
- What are some general “good” monitoring practices and why are they important?

Monitoring Adult Education Providers

- What are the main monitoring requirements under the Adult Education and Family Literacy Act (AEFLA)?
- Digging deeper: What are some of the key ED regulations in administering AEFLA?
- Making the connections:
 - Team review of your own State materials and resources
 - Possibilities for improvement: Your ideas and those of your colleagues



Key Monitoring Principles from Federal Policy and Guidance Resources

What is Monitoring?



- More than on-site visits
- Occurs throughout the life of the grant
- Also includes:
 - Pre-award review
 - During-the-award monitoring (e.g., onsite, desk)
 - TA and corrective action
- Ongoing process
- Goals (improved program performance) and stewardship of funds

Department Requirements and Expectations



A pass-through entity shall..[m]onitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

OMB Circular A-133__ .400(d)(3), issued under the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

Federal Requirements – Education Department General Administrative Regulations (EDGAR)



- **Section 80.40 – State, Local and Indian Tribal Governments**
 - Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.
- **Section 74.51(a) – IHEs, Hospitals, Non-profits**
 - Recipients are responsible for managing and monitoring each project, program, subaward, function, or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met [A-133] audit requirements in §74.26.

Federal Requirements Single Audit Act



- Single Audit Act, 1996 Amendments, 31 U.S.C. §7502(f)(2)(B)
- Grantees must:
 - Monitor subrecipients through *site visits, limited scope audits, or other means*;
 - *Review subrecipient audits* as necessary to determine whether prompt and appropriate corrective actions have been taken;
 - Require subrecipients to make records and financial statements available to independent auditors



A-133 Grantee Requirements



- Identify Federal awards to subrecipients
- Inform subrecipients of all Federal, state and contract requirements
- Monitor subrecipient activities
- Ensure grantees receiving >\$500k submit an A-133 audit report
- Issue management decisions on audit findings and ensure timely and appropriate corrective actions
- Adjust your own records based on subrecipient audits
- Require subs to provide auditors with access to records and financial statements

A-133 Compliance Supplement



- Pass-through entity [State agency] is responsible for during-the-award monitoring, through:
 - Reporting: reviewing subrecipient financial *AND* performance reports;
 - Onsite reviews: review programmatic *AND* financial records and observe operations;
 - Regular contact; OR
 - Other means
- STANDARD: *Monitoring efforts must provide a **reasonable assurance** that a subrecipient administers Federal funds in compliance with laws and regulations and that performance goals are achieved*

Additional Requirements



- Review grant award agreements
 - Program-specific monitoring requirements
 - General Education Provisions Act (GEPA) Single State Application, 20 U.S.C. §1232d
 - ✓ State must monitor agencies, institutions and organizations responsible for carrying out each program
 - ✓ Provide technical assistance to these entities; and
 - ✓ Correct deficiencies in Program operations that are identified through monitoring

General Federal Requirements - Conclusions



- Why do State agency grantees have to monitor subrecipients?
 - It's the law.
- How do State agency grantees have to monitor?
 - It's up to the grantee.
- How should you monitor, or, what does good monitoring look like?

Good Monitoring Practice: How to Get There and Continue to Improve



Review and Revise Your Monitoring Plan

- What makes up a monitoring plan?
 - Written set of policies and procedures that guide monitoring activities, including follow up on corrective actions
 - Monitoring schedule
 - Monitoring checklist
 - Risk assessment, i.e., what factors determine the frequency of monitoring subrecipients and programs?



Good Monitoring Practice: How to Get There and Continue to Improve



Risk Assessment: A-133 Factors

- Programs
- Program complexity
- Award amount
- Subrecipients
- New recipients
- History of non-compliance
- New personnel
- New or substantially changed systems



Good Monitoring Practice: How to Get There and Continue to Improve (cont.)



- **Revising Program Monitoring Checklists or Other Review Tools**
 - Review current laws and regulations to ensure checklists cover all applicable program requirements
 - Set forth requirements in plain language, cite to relevant law or regulation
 - Identify method of verification and required documentation
 - Identify cross-cutting monitoring requirements (e.g., cash management)

Good Monitoring Practice: How to Get There and Continue to Improve (cont.)



- **Perform a Resource Assessment**

- Reconcile difference between need and availability of resources
- Adjust monitoring schedule based on identified risks and available resources
- Schedule technical assistance based on identified risks



Good Monitoring Practice: How to Get There and Continue to Improve (cont.)



Using a Risk-Based Monitoring Approach

See Handout



AEFLA-specific Requirements and Key EDGAR Provisions for AEFLA Monitoring



Types of State Monitoring of AEFLA Eligible Providers and Monitoring Methods



Types of Monitoring

- Administrative and Fiscal Compliance
- Performance Monitoring – NRS and other outcomes

Monitoring Methods

- On-site
- Desk-based

Technical Assistance

- Opportunities to weave this into your monitoring activities?

Monitoring: Compliance



PRE-AWARD

- Monitoring begins *before* the State agency makes an award to a provider
 - **Key Regulatory Reference-** Each State shall have procedures for reviewing and approving **applications** and **amendments** for subgrants, providing technical assistance, evaluating projects, and performing other administrative responsibilities that are necessary to **ensure compliance with applicable statutes and regulations.** (EDGAR Sec. 76.770)

Monitoring: Compliance



PRE-AWARD

- **AEFLA Specifics**

- **Local Provisions – Sec. 231-233**

- ✓ Required local activities (defined as adult education and literacy services)
- ✓ Local application (describing how funds will be used, any cooperative arrangements for delivery of services)
- ✓ Local administrative cost limit

- **Definitions – Sec. 203**

- ✓ Especially “adult education,” adult education and literacy activities,” and “literacy”

Monitoring: Compliance



PRE-AWARD

- Key Resources for Reviewing Application Budgets
 - AEFLA definitions -- “adult education,” adult education and literacy activities,” and “literacy”
 - Use the applicable OMB cost circular based on the provider’s type of organization
 - ✓ A-87: State and Local Governments
http://www.whitehouse.gov/omb/circulars_a087_2004/
 - ✓ A-122: Non-profit Organizations
http://www.whitehouse.gov/omb/circulars_a122_2004

Monitoring: Fiscal Compliance



PRE-AWARD

- **Key Resources for Reviewing Application Budgets (cont.)**
 - Key Concepts from the OMB Cost Principles Circulars
 - ✓ Necessary and Reasonable
 - ✓ Allocable
 - ✓ Allowable
 - See Selected Items of Cost Appendices
- **AEFLA Supplement Not Supplant Provision (Sec. 241(a))**
 - Is this included in your agency's award terms and conditions?

Monitoring: Compliance



PRE-AWARD

- Monitoring Method?
 - Essentially Desk-based

- Procedures?
 - Are there general State agency resources or guidelines you must follow?
 - How do you apply those when reviewing providers' AEFLA applications?
 - How do you follow-up when you identify “problems”? (Balancing compliance and technical assistance)
 - Are there risks based on review of application? Consider those in preparing your post-award monitoring plan?



Monitoring Local Programs



Table Activity

Sample Application Budget Review

Staff will distribute a brief local application budget summary. Working at your table, identify each of the costs as: allowable, unallowable, or need more information.



Monitoring: Compliance



POST-AWARD

New Federal Subaward Reporting Requirements

- Subgrant Reporting Requirements under the Federal Funding Accountability and Transparency Act (FFATA)
- Handout – Additional Terms and Conditions for forthcoming AEFLA July awards
- Key timing requirement?
 - Do you need to modify anything in your State application or award documents to meet this requirement?
 - Who's handing this in your agency, and how are you going to get them what is needed to meet the requirement?

Monitoring: Compliance



POST-AWARD

- **Reporting**

- *Sec. 80.40* – Requires monitoring of subgrant activities by the prime (State) grantee of subgrantee compliance and performance
- *Sec. 76.722* – Subgrantees must make reports required by the State.
 - ✓ What do you require from providers that you need to assure compliance?
 - ✓ What do you need to meet the State's reporting requirements to OVAE?
 - ✓ What do you need to obtain based on State requirements?
 - ✓ Anything else based on State priorities?



Monitoring: Compliance



POST-AWARD

- **Financial Management and Tracking**
 - Standards for financial management systems (EDGAR 80.20) and relationship to monitoring providers
 - ✓ Follow State financial management rules and regulations
 - ✓ Maintain records related to grant funds
 - ✓ Support accurate, current and complete financial reporting
 - ✓ Adhere to established internal controls
 - How does State accomplish above responsibilities?
Ensure accuracy of data through design of review system.

Monitoring: Compliance



POST-AWARD

- **Tracking Expenditures**
 - By “Programs of Instruction” – See Financial Status Report
 - How do you accomplish this with your providers?
- **Other Program Considerations Related to Tracking Provider Expenditures**
 - Which providers are delivering corrections education or serving other institutionalized persons?
 - Does the State require matching funds of providers?
 - Are providers collecting program income?
 - Why is it important to know the answers to these questions?

Monitoring: Compliance



POST-AWARD

Follow-up on Deficiencies Identified Through Monitoring

- Document notification to the provider of the issue and required action
- Provide technical assistance to correct the problem
- Verify appropriate corrective action completed
- May take one or more enforcement actions as appropriate in the circumstances

Enforcement and Termination Authority

- **EDGAR 80.43 and 44 - Terminating Grant Award to Local Providers** - The State can terminate the grant to subgrantees
 - Enforcement and termination for cause (80.43)
 - ✓ Failure to comply with the terms and conditions of an award
 - Termination for Convenience (80.44)
 - ✓ By the State with consent of the subgrantee



Monitoring Local Programs



Table Activity

Work at your table. Staff will distribute a scenario to each table for discussion followed by a report out.

Monitoring: Compliance



POST-AWARD

- **Monitoring Methodology**
 - Desk-based, on-site, combination?
- **Desk-based Activities**
 - Review of standard reports (or special reports)
 - Review of reimbursement requests (and match expenditures, if required by State)
 - Periodic phone contact – review **and** technical assistance purposes
- **On-site Activities**
 - Guided by a monitoring plan or schedule
 - On-site instrument enabling follow-up on identified risks
 - Procedures for reviewing adherence to: 1) “general” program requirements” (e.g., student eligibility); 2) specific activities in approved application; 3) approved costs and overall budget.
 - Sources: File review, class observation, interviews ,etc.
- **Technical Assistance Opportunities in Activities Above?**

Monitoring: Performance



Program-specific Monitoring and Evaluation Requirements

- **AEFLA 224(b)(3)** – State Plans – The State must include a description of how the eligible agency will **evaluate annually the effectiveness** of the adult education and literacy activities...
- **OVAE Reports** – Annual Narrative Report -- Describe any significant findings from the eligible agency's evaluation of the effectiveness of the adult education and literacy activities based on the core indicators of performance.

State Considerations

- How current is the process described in the plan?
- Are there other approaches to consider?
 - If so, how will it impact your ability to report on significant findings or results of evaluation activities?

Monitoring: Performance



Methods for Monitoring Performance

Desk Monitoring

- How often does the state office review provider data? What is the focus of the review? (DQC - A tool for developing and improving data quality, not just “a requirement”)
- Resources: AIR Desk Monitoring training on-line
 - <http://www.nrsweb.org/trainings/events/DeskMonitoringTraining2007.aspx>

On-Site Monitoring

- **Monitoring Plan or Schedule** – How do provider performance considerations factor into the state’s monitoring plan?
- **Monitoring Protocol or Instrument** – What performance elements are included? How do you obtain or verify data?

Program Considerations for Each Methodology

- What tools do you use? Why?
- Do you use performance benchmarks for providers?
- How do you balance compliance with technical assistance in your methodology?



Monitoring Local Programs



Pairs Activity

Pick your passion:

- I want to strengthen our desk-based and/or on-site monitoring processes or tools
- I want to develop or improve our risk-based approach to monitoring

Staff will distribute a brief “self reflection” guide to complete. Pair up with another person in your group and brainstorm potential solutions to your challenges. Trade places and repeat.