



Grants Monitoring and Compliance

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Views expressed are those of the presenters, do not constitute legal advice,
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Content Covered

- ▶ OAG Requirements and Grantee Responsibilities
- ▶ Types of Monitoring and Monitoring Information Requested per Monitoring Type
- ▶ Common Findings
- ▶ Annual Audit Requirements and Reviews
- ▶ Fraud, Waste, and Abuse
- ▶ Grant Monitoring Questions – Resources
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OAG Requirements and Grantee Responsibilities



OAG's Requirements

- ▶ The OAG is required by federal/state regulations to monitor grantees to ensure compliance with the following:
 - Federal and/or state awards are used for authorized purposes
 - Grantees are compliant with laws and regulations governing the grant (Texas Grant Management Standards, Code of Federal Regulations (CFR), Texas Administrative Code (TAC) Rules) – *Referenced at end of presentation*
 - Requirements/clauses of grant contracts are adhered to and met.



Grantee's Responsibilities

- ▶ In addition to the items listed on the previous slide, grantees must ensure:
 - There is adequate segregation of duties (one person is not solely responsible for approving all expenditures and making payments)
 - Sufficient internal and financial controls are in place for the organization
 - Policies and procedures are in place and being followed



Grantee's Responsibilities Continued

- ▶ In addition to the items listed on the previous slides, grantees must ensure:
 - Expenditures for each grant are recorded and tracked with adequate supporting documentation retained, and expenditure reports are reconciled monthly.
 - Expenditures/time allocations are separated by grant program (all funding cannot be combined and timesheets must reflect the grants to which the position is allocated).
 - All records are filed securely and retained for the required amount of time.



Types of Monitoring and Monitoring Information Requested per Monitoring Type



Types of Monitoring

- ▶ On-site monitoring visit – conducted by grant monitors at your organization
- ▶ Desk review – conducted by OAG grant monitors (*in certain circumstances other OAG grant staff may assist with desk reviews*).
- ▶ Technical assistance visit – conducted by OAG grant monitors and/or grant managers at your organization (*this is different from special condition Technical Assistance which could be required after a grant application is funded*)



Monitoring Information Requested per Monitoring Type

- ▶ For the majority of reviews, the OAG grant monitor will contact your organization via email with a monitoring engagement letter which advises the type of monitoring review and requesting information to be provided with a due date.

- ▶ For Onsite reviews (prior to arrival):
 - Board meeting minutes for the past year
 - List of board members
 - By-laws
 - Organizational chart of the organization



Monitoring Information Requested per Monitoring Type : On-Site

- ▶ On-site information (prior to arrival) continued:
 - Time sheets for personnel on OAG grants
 - General ledger for all expenditures tested
 - Internal Control Questionnaire (ICQ) – questionnaire regarding the internal controls
- ▶ For day of the On-site review, the following documentation should be ready to be provided if requested:
 - Quarterly federal tax return (941)
 - Policies and procedures



Monitoring Information Requested per Monitoring Type: On-Site Continued

- ▶ For day of the On-site review, the following documentation should be ready to be provided if requested (continued):
 - Bank reconciliations
 - Personnel files
 - Supporting documentation for all non-payroll expenditures (include approval form, invoice and cleared checks)



Monitoring Information Requested per Monitoring Type: Desk Review

- ▶ For Desk Reviews documentation to be submitted by the deadline as stated in the engagement letter:
 - Staff listing of staff paid by OAG grants (*include name, title, date of hire, salary rate, and termination date, if applicable*)
 - Time sheets for Test months and Year for personnel on all OAG grants
 - Chart of Accounts
 - General Ledger for the month of Test month and Year



Monitoring Information Requested per Monitoring Type: Desk Review Continued

- ▶ For Desk Reviews continued:
 - Supporting documentation for all OAG grant expenditures for Test month and Year
 - Internal Control Questionnaire (ICQ) approved by the Authorized Official or alternate designee.
 - Annual Audit (*For agencies that are required to undergo a Single Audit or an audit due to ordinance, statute, or policy*).



Common Findings



Top 10 Common Findings

1. Time sheets do not match hours reported on the Salary Detail Sheet of the reimbursement request.
2. Personnel files were missing up-to-date evaluations, acknowledgement of personnel policies, or job descriptions.
3. Time sheets missing employee/supervisory signature and/or date.
4. Time sheets are not signed “after-the-fact.”
5. Time sheets do not show the time worked for each funding source.



Top 10 Common Findings Continued

6. Executive director's time sheet was not approved by board.
7. General ledger does not reconcile with expenditures.
8. Grantee purchased items with grant funds which were not on the approved budget.
9. Missing supporting documentation or inadequate documentation for expenditures.
10. Failure to follow organization's policies and procedures.



Annual Audit Requirements and Reviews



Annual Audit Requirements

- ▶ GRANTEES that are required to undergo a Single Audit (expend \$750,000 or more in State or Federal funds in an annual year) must complete and submit the Single Audit of the complete program and/or organization and management letter of the audit findings within nine months of the end of the fiscal year of the agency. The audit will meet Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and Texas Grant Management Standards (TxGMS) requirements.
- ▶ GRANTEES whose expenditures require the completion of a Single Audit, must submit a Single Audit to the OAG, an Annual Independent Financial Audit will not satisfy the audit requirement.



Annual Audit Requirements Continued

- ▶ GRANTEES that are required to undergo an Annual Independent Financial Audit by statute, regulation, or organizational policy must submit the Annual Financial Audit of the complete program and/or organization and management letter of the audit findings if requested by the OAG.
- ▶ GRANTEES who do not meet the expenditure threshold of the Single Audit and are not required by statute, regulation, or organizational policy to complete an Annual Audit, are not required to submit an Annual Audit to the OAG.



Audit Requirements - Update

- ▶ Starting with the **2026** audits, GAD is adopting the new CFR and Texas Grant Management Standards Single Audit Threshold of \$1 million dollars.
 - Grantees who expend \$1 million or more in State or Federal awards must submit a Single Audit to GAD.

- ▶ FY 2025 Grantees must still submit a Single Audit if the expended \$750,000 or more in in State or Federal awards.



Annual Audit Reviews

- ▶ Any findings identified in the Single Audit will be questioned by the OAG.

- ▶ Non-Repeat findings will require the following information:
 - Corrective Action Plan

 - If the organization does have policies and procedures, were procedures modified or new procedures created as a result of the finding?

 - The staff positions responsible for ensuring those policies and procedures are followed?



Annual Audit Reviews

- ▶ Repeat Findings (findings that occur in consecutive years):
 - Grantee will be placed on Financial Hold until:
 - A) a subsequent audit is submitted which shows the finding to be resolved, or
 - B) comprehensive documentation which shows all of these issues have been resolved, prior to the submission of your next audit, will be taken under consideration. A corrective action statement of what steps will be taken will not meet the requirement of showing resolution.



Fraud, Waste, and Abuse



Fraud

- ▶ Definition of Fraud
 - Intentional deception or misrepresentation that an individual knows to be false or does not believe to be true, when that individual knows that the deception could result in some unauthorized benefit to himself or herself or some other person
 - Deliberate misuse or misapplication of resources
- ▶ Examples of Fraud
 - Requesting or attempting to request reimbursement for travel that did not occur
 - Falsifying a time sheet or a billing statement or any other document to benefit one's self or your agency



Waste

- ▶ Definition of Waste
 - Waste amounts to the extravagant, careless, or needless expenditure of resources.
 - Waste could result from deficient practices, defective system controls, or imprudent decisions.
- ▶ Examples of Waste
 - Authorizing unnecessary or extravagant expenditures
 - Engaging in excessive and unnecessary work travel



Abuse

▶ Definition of Abuse

- Incidents or practices that are inconsistent with sound business or fiscal practices
- These practices may directly or indirectly result in unnecessary costs to the program, improper payment, or payment for services that are not necessary.
- Abuse of authority – employees must not misuse their title, position, or authority to obtain a personal benefit.



Abuse Examples

- ▶ Examples of Abuse
 - Improper charging of services or payroll
 - Improperly disclosing confidential information to which one has access
 - Forcing or trying to force a subordinate to commit an act that one knows is illegal



Fraud, Waste and Abuse Scenarios

- ▶ Common grant fraud scenarios
 - Charging personal expenses as business expenses against the grant
 - Charging for costs which have not been incurred or are not attributable to the grant
 - Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors, or consultants)



Grant Monitoring Questions - Resources



Grant Monitoring Questions - Resources

- ▶ For questions, or general assistance regarding OAG Grant Monitoring, please email Grants-Monitoring@oag.texas.gov.
- ▶ If you are undergoing a Monitoring Review and have specific questions as it pertains to your review, please contact the Grant Monitor conducting the review:

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(512) 936-2186

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Laws and Regulations Governing OAG Grants



Laws and Regulations Governing OAG Grants

- ▶ Texas Grant Management Standards (TxGMS)
 - Governmental entities as well as non-profit entities are required to follow TxGMS guidelines and/or applicable cost principles.

- ▶ Code of Federal Regulation (CFR) sections applicable to programmatic requirements of federal grants.
 - Example: RPE/PHHS Block – 45 CFR Subtitle A

- ▶ 2 CFR 200
 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



Laws and Regulations Governing OAG Grants Continued

- ▶ Texas Administrative Code (TAC) Rules
 - **TAC § 54** – Special Programs
 - Subchapter A provides OAG rules for Support Adoption (formerly Choose Life) Grant Program
 - **TAC § 60** – Texas Crime Victim Services Grant Programs
 - Provides OAG rules for Other Victim Assistance Grants (OVAG), Victim Coordinator/Liaison Grants (VCLG), Crime Victim Civil Legal Services (CVCLS) and Domestic Violence High Risk Teams (DVHRT)



Laws and Regulations Governing OAG Grants Continued

- ▶ Texas Administrative Code (TAC) Rules Continued
 - **TAC § 62** – Sexual Assault Prevention and Crisis Services
 - Provides OAG rules for Sexual Assault Prevention and Crisis Services (SAPCS) grants



Questions

- ▶ Does anyone have questions?