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Fiscal Coaching Session 4:
Financial Monitoring of Subgrantees

August 12, 2026

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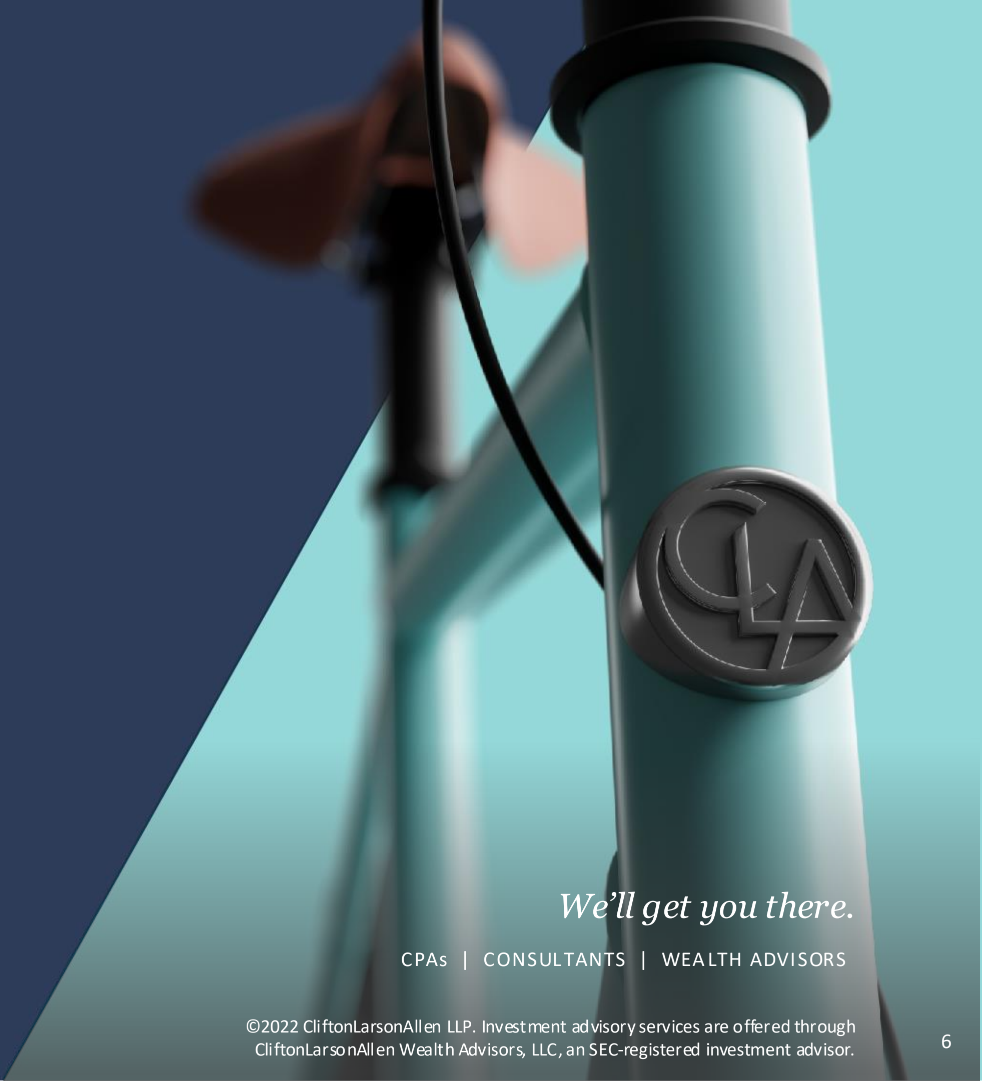
Agenda

- Subrecipient Monitoring Requirements
- Desk vs. onsite vs. hybrid monitoring
- Financial documentation and invoice review
- Determining cost allowability in practice
- Monitoring tools, checklists, and reporting
- Corrective Action Plans (CAPs)

Subrecipient Monitoring Requirements



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Regulations

2 CFR 200.331 - 333 Uniform Guidance

Weatherization Program Notice 24-4: Weatherization Assistance Program Monitoring Procedures -

WAP regulation 10 CFR 440.23(a) - Oversight, Training and Technical Assistance

Subrecipient / Contractor Determination

Judgment should be used in the determination process!

Substance of the agreement is more important than the form

All characteristics need not be present

Subrecipient / Contractor Determination

Subawarding: for the purpose of carrying out a portion of a federal award; creates a federal assistance relationship

Subrecipient Characteristics:

- Determines eligibility
- Has performance measured in relation to objectives of program
- Has responsibility for programmatic decision making
- Responsible for adherence to Federal program requirements
- Implements program for public purpose, as opposed to providing goods or service of the benefit of the Pass Through Entity (PTE)

Subrecipient / Contractor Determination

Contracting: for the purpose of obtaining goods and services (G&S) for the recipient's own use; creates a procurement relationship

Contractor Characteristics:

- Provides the G&S within normal business operations
- Provides similar G&S to many different purchasers
- Normally operates in a competitive environment
- Provides G&S that are ancillary to implementation of fed program
- Not subject to programmatic compliance requirements

Subrecipient / Contractor Example Determination Checklist

SUBRECIPIENT / CONTRACTOR DETERMINATION CHECKLIST

For each consideration, mark only one option with an "**x**" that most closely describes the potential relationship with the entity given the scope of work.

Scope of Work

☐ The entity will be providing a service and scope of work within the guidelines of the grant program and wants to partner with the pass-through entity to expand the delivery or assist in meeting the goal of the grant and to advance the mission of the pass-through entity.

☐ The entity will be providing a service and scope of work that is within its' normal business to provide, and the entity provides the same services to other entities and is supporting the pass-through entities' operations.

COMMENTS:

Goal Expectations

☐ The entity will be providing a service that carries out a completion of a goal (or a portion) within the scope of the pass-through entities' award.

☐ The entity will be providing a service that will assist the pass-through entity to meet a goal(s) within it's award.

COMMENTS:

Subrecipient / Contractor Example Determination Checklist

SUBRECIPIENT / CONTRACTOR DETERMINATION CHECKLIST

Decision Making Authority:

☐ The entity will have authority to make decisions regarding the delivery of service, operations, or types of assistance provided within the terms of the agreement.

☐ The entity does not make programmatic decisions and will provide the services directly to the pass-though entity at the specific direction of the pass-through entity.

COMMENTS:

Performance Measurement

☐ The entity will have performance measured in relation to whether objectives of a federal program were met.

☐ The entity will have performance measured against the defined scope of work, regardless of federal program objectives.

COMMENTS:

Subrecipient / Contractor Example Determination Checklist

SUBRECIPIENT / CONTRACTOR DETERMINATION CHECKLIST

Compliance Requirements

☐	The entity will have responsibility for adherence to applicable Federal program compliance requirements and the terms and clauses of the agreement will include flow through Federal terms and conditions.
☐	The entity will only have responsibility for adherence to the pass-through entities' requirements and the terms and clauses of the agreement will <u>not</u> include flow through Federal terms and conditions.
	COMMENTS:

Reporting

☐	The entity will provide programmatic or progress reports describing activity described in scope of work.
☐	The entity will not be required to provide programmatic or progress reports, but only to ensure that final scope of work is provided.
	COMMENTS:

Risk and Monitoring at Various Stages

Pre-award → Post-Award → Closeout

§ 200.332(a) Requirements for pass-through entities.

§ 200.332(b) Requirements for pass-through entities.

A pass-through entity must:

- Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information (see next slide).
- Provide the best available information when some of the information is unavailable
- Provide the unavailable information when it is obtained.

§ 200.332(b) Subaward Required Information

Subaward must contain specific information as outlined in Uniform Guidance (UG)

- Federal Award ID (next slide)
- Requirements so that subaward is used in accordance with terms and conditions of original federal award
- Description of performance or financial reports due
- Indirect cost rate – either an approved rate, negotiated rate, or deminimis rate
- Requirement that sub permits PTE and auditors to access sub's records and Financial Statements
- Appropriate terms and conditions concerning closeout of the subaward

§ 200.332(b) Subaward Required Information

- Subrecipient name and unique entity identifier
- Federal Award Identification Number (FAIN)
- Federal Award Date of award to the recipient by the Federal agency
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this action by the pass-through entity
- Total Amount of Federal Funds Obligated by the pass-through entity including the current obligation
- Total Amount of the Federal Award committed by the pass-through entity
- Federal award project description
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity
- Assistance Listing Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the ALN number at time of disbursement
- Identification of whether the award is Research & Development
- Indirect cost rate for the Federal award

§ 200.332(c) Risk Assessment

Pass-through entities must evaluate each subrecipient's fraud risk and risk of noncompliance by performing a risk assessment			
Prior experience	Results of previous audits	New personnel or new or substantially changed systems	Extent and results of Federal awarding agency monitoring

§ 200.332(c) Risk Assessment

Under the UG, is the subrecipient risk assessment required for an existing subrecipient who is entering into a new UG funded award?

Yes, PTEs must evaluate each subrecipient's risk of noncompliance, but they can also consider the subrecipient's prior experience with the same or similar awards.

§ 200.332(c) Risk Assessment

Risk Assessment should be documented.

Subrecipient Risk Assessment Matrix:
http://claconnect.com/Nonprofit/Uniform-Grant-Guidance-Workbook-Subrecipient-Risk-Assessment.aspx

Results of risk assessment determine what type of monitoring should be performed on sub-recipient

Subrecipient Risk Assessment Example

Subrecipient Monitoring - Risk Assessment Form

Subrecipient Name:		**Date of Risk Assessment:**	
Ttoal Subaward Amount	$ -	**Risk Asessment Completed by**	
Assistance Listing #	0	**Risk Assesment Approved by**	

GRANTEE RISK ASSESSMENT:

1. General Assessment				RISK SCORE	
Risk Assessment Criteria	**Low Risk (1)**	**Medium Risk (2)**	**High Risk (3)**	**SCORE**	**Comments**
Maturity of the organization	Organziation in business for over 10 years	Organization in business for over 5 years	New organization (less than five years in business)		
Grantee's prior experience with similar grants	Grantee is a past grantee or has had other federal grants and is familiar with requirements	Grantee doesn't have prior experience with same grant but does have or has had other Federal Grants	Grantee does not have prior experience with Federal Grants		
Control Policies/Procedures in place	Agency has appropriate policies and procedures in place	Not all policies and procedures in place/policies and procedures are outdated	No policies or procedures in place		
Financial Management System	Agency has an approved financial management system to track and record all the financial data	Systems less qualified to handle large amounts of federal money	Agency does not have a financial management system to track and record all the financial data		

Subrecipient Risk Assessment Example

2.Project assessment				RISK SCORE	
Risk Assessment Criteria	**Low Risk (1)**	**Medium Risk (2)**	**High Risk (3)**	**SCORE**	**Comments**
Dollar value of grant award	≤ $100,000	Between $100,000 and $500,000	>$500,000		
Project Complexity (considering applicable compliance requirements)	Minimal Complexity	Average Complexity	Significant Compliexity		

3. Audit / Suspension				RISK SCORE	
Risk Assessment Criteria	**Low Risk (1)**	**Medium Risk (2)**	**High Risk (3)**	**SCORE**	**Comments**
Single Audit Performed	Agency is subjected to Single Audit	Agency may not be subject to Single Audit but has independent fnancial statement audit	Not subject Single Audit and no independent financial statement audit		
Single Audit Findings	No findings	Finding, but does not have any impact on program funding	Finding that could/does impact program funding		
Internal Control Findings	Recent audit shows no findings	Recent audit shows internal control deficiences	Recent audit shows major internal control weaknesses/No independent audit conducted		

Subrecipient Risk Assessment Example

4. Mid-Project Updates (Complete during an updated assessment during grant period)				RISK SCORE	
Risk Assessment Criteria	**Low Risk (1)**	**Medium Risk (2)**	**High Risk (3)**	**SCORE**	**Comment**
Cooperates with information requests	Provides information timely	Provides information, but not timely	Does not provide requested information		
Project workplan on schedule	Workplan on schedule or ahead of schedule	Workplan is behind, but there are plans to address	Workplan is very behind, no plans to address		
Complete and accurate invoices / reimbursement requests	Requests are rarely inaccurate or late	Requests are mostly accurate and submitted on time.	Requests are not accurate or timely.		

This risk assessment should be a "live" document – should be revisited to ensure that the risks are updated if needed! Example, if you plan for subrecipient to provide timely information at the onset of the subaward but then in reality they are not providing on time, the risk should be updated to possibly adjust the monitoring plan.

Subrecipient Risk Assessment Example…

	RISK ASSESSMENT TOTAL SCORE:		**23**	**Medium**
Low = 12 to 19	Medium = 20 to 28	High = 29 to 36		

Information on this sample risk assessment, including ranges are just examples – organizations should tailor the risk assessment to be program specific!

§ 200.332(e) Requirements for pass-through entities.

A pass-through entity must:

- Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward.
- Monitor the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved.

§ 200.332(e) Requirements for pass-through entities

A pass-through entity must:

- Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward.
- Monitor the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved.

Subrecipient Monitoring (200.332(e))

Pass-through entities must monitor activities of the subrecipient:

- Review financial and programmatic reports
- Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward.
- Issuing management decision on audit findings
- Resolve audit findings specifically related to subaward

Subrecipient Monitoring (200.332(f))

Additional monitoring tools / procedures that may be used depending on risk assessment of sub-recipient:

- Providing training and technical assistance
- Regular check-ins
- On-site reviews of program operations
- Arranging for agreed upon procedures

Subrecipient Risk Assessment Example

MONITORING PERFORMED:						
Description of Task to be Completed	Date Due	Date Completed	Completed By	Reviewed By	Date to Reperform (if applicable)	Comments
Review financial reports required						
Review performance reports required.						
Provide the subrecipient with training and technical assistance on program-related matters.						
Perform on-site review of the subrecipient's program operations.						
Arrange for agreed-upon-procedures engagements. (Note in comments the procedures performed)						

Subrecipient Risk Assessment Example

MONITORING PERFORMED:						
Description of Task to be Completed	**Date Due**	**Date Completed**	**Completed By**	**Reviewed By**	**Date to Reperform (if applicable)**	**Comments**
Verify that the subrecipient is audited as required by the Uniform Guidance Subpart F "Audit Requirements". Collect and review Single Audit Report.						
Follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from ORGNIZATION NAME detected through audits, on-site reviews, and other means. §200.332 (d) (2)						
Issue a management decision for audit findings pertaining to the Federal award provided to the subrecipient from ORGNIZATION NAME (See comment).						
Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to ORGNIZATION NAME's own records.						
Take enforcement action against noncompliant subrecipients. (See comment)						

Risk and Monitoring at Various Stages

Pre-award

Post-Award

Closeout

Subrecipient Monitoring (200.332(g- i))

Other required procedures:

(g) Verify that a subrecipient is audited as required by subpart F of 2 CFR 200.

(h) Consider whether the results of a subrecipient's audit, site visits, or other monitoring necessitate adjustments to the pass-through entity's records.

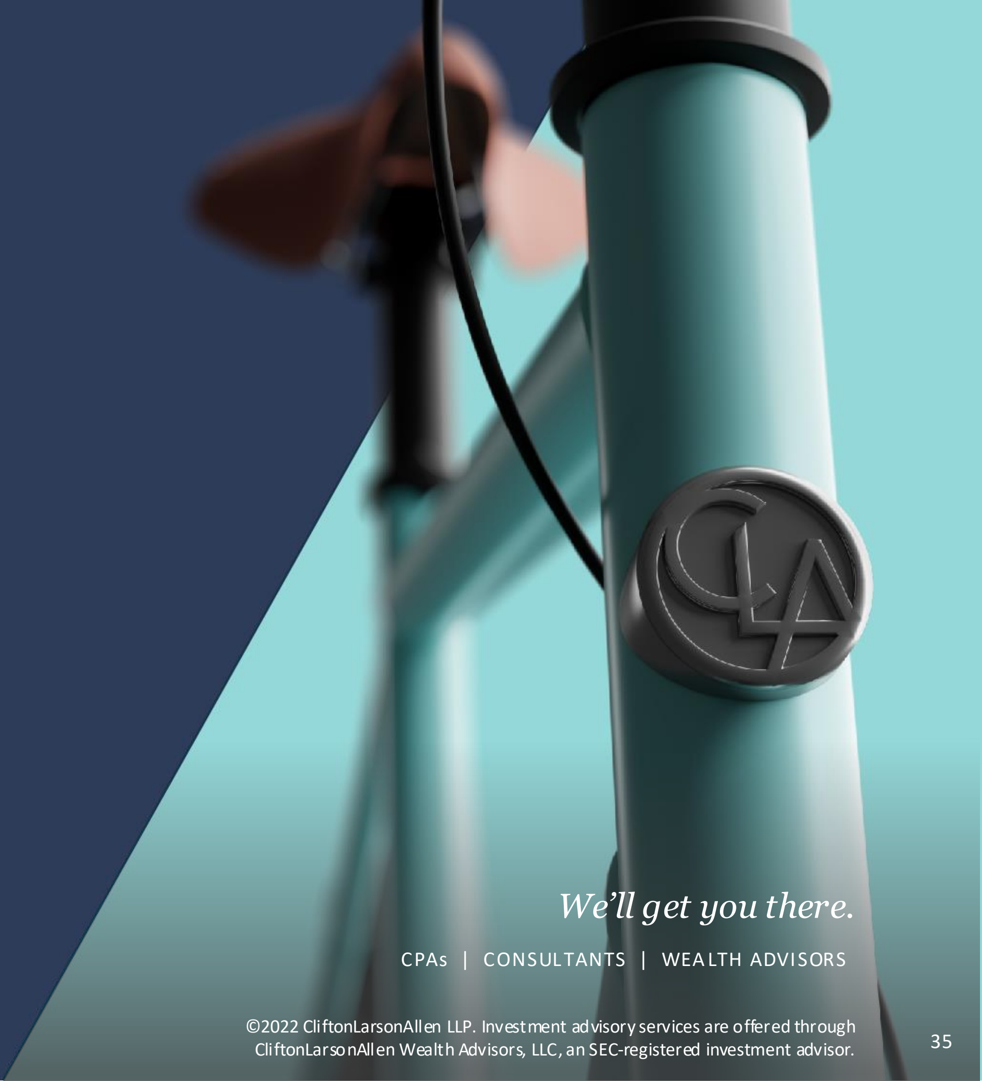
(i) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 and in program regulations

Single Audit Reports

Use checklist or matrix to ensure that all monitoring activities are being completed timely

Search for Single Audit reports in Federal Audit Clearinghouse - https://harvester.census.gov/facweb/

Desk vs. onsite vs. hybrid monitoring



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Why the monitoring approach matters

- Pass-through entities (PTEs) must monitor each subrecipient to ensure subawards are used for authorized purposes, in compliance with the terms of the subaward, and that performance goals are met (2 CFR 200.332).
- The Uniform Guidance does not mandate a single method — it requires monitoring that is proportionate to risk. How you monitor (desk, onsite, or hybrid) is a risk-based decision.

The approach flows from risk

Assess risk

Document each subrecipient's risk of noncompliance (200.332(b)).

Select method

Match desk, onsite, or hybrid to the assessed risk level.

Execute & document

Perform reviews and retain evidence of the work.

Follow up

Issue findings and track corrective action plans (CAPs).

Matching the method to the risk

LOW RISK

Desk monitoring

Established subrecipient, clean audit history, routine subaward. Verify reports and invoices remotely.

MEDIUM RISK

Hybrid monitoring

Some risk factors or a variable profile. Ongoing desk review plus at least one targeted site visit.

HIGH RISK

Onsite monitoring

New subrecipient, prior findings, or large/complex award. In-person review of operations and controls.

Keep it a living decision. Document the risk assessment that supports your method, and revisit it — if a subrecipient's performance changes, adjust the monitoring plan accordingly.

Desk Monitoring

What it is: Remote, document-based review conducted from the PTE's office — examining financial reports, invoices, backup documentation, and audit reports without traveling to the subrecipient's location.

Best used when:

- Subrecipient is low risk or has a strong track record with similar awards.
- Reimbursement requests and financial reports are the primary items to verify.
- You need routine, ongoing oversight between (or instead of) site visits.

Advantages

- Lower cost — no travel time or expense.
- Can be performed frequently (monthly invoice/report review).
- Scales easily across many subrecipients.
- Creates a consistent, documented paper trail.

Limitations

- Relies on what the subrecipient chooses to submit.
- Limited view of actual program operations and internal controls.
- Harder to detect issues not evident in the records.
- Less relationship-building and hands-on technical assistance.

Onsite Monitoring

What it is: An in-person visit to the subrecipient's location to review program operations, financial and programmatic records first-hand, interview staff, and assess internal controls and compliance.

Best used when:

- Subrecipient is high risk, new, or has prior audit findings.
- The subaward is large, complex, or programmatically significant.
- You need to observe operations and test internal controls directly.

Advantages

- Direct observation of operations and controls.
- Access to source documents not routinely submitted.
- Strong for detecting fraud, waste, and abuse.
- Builds relationships and enables on-the-spot technical assistance.

Limitations

- Time-consuming and costly (travel, staff hours).
- Difficult to perform frequently or at scale.
- Requires scheduling and subrecipient availability.
- Point-in-time snapshot between visits.

Hybrid Monitoring

What it is: A blended approach that combines routine desk review of financial documentation with targeted onsite visits — applying each method where it adds the most value based on risk.

Best used when:

- Subrecipient is medium risk, or risk varies across the award period.
- You want continuous desk oversight plus periodic in-person validation.
- Resources are limited but some onsite assurance is still needed.

Advantages

- Balances cost, coverage, and depth of assurance.
- Ongoing desk review flags issues; site visits verify them.
- Flexible — intensity can scale up or down with risk.
- Most common real-world approach for mixed portfolios.

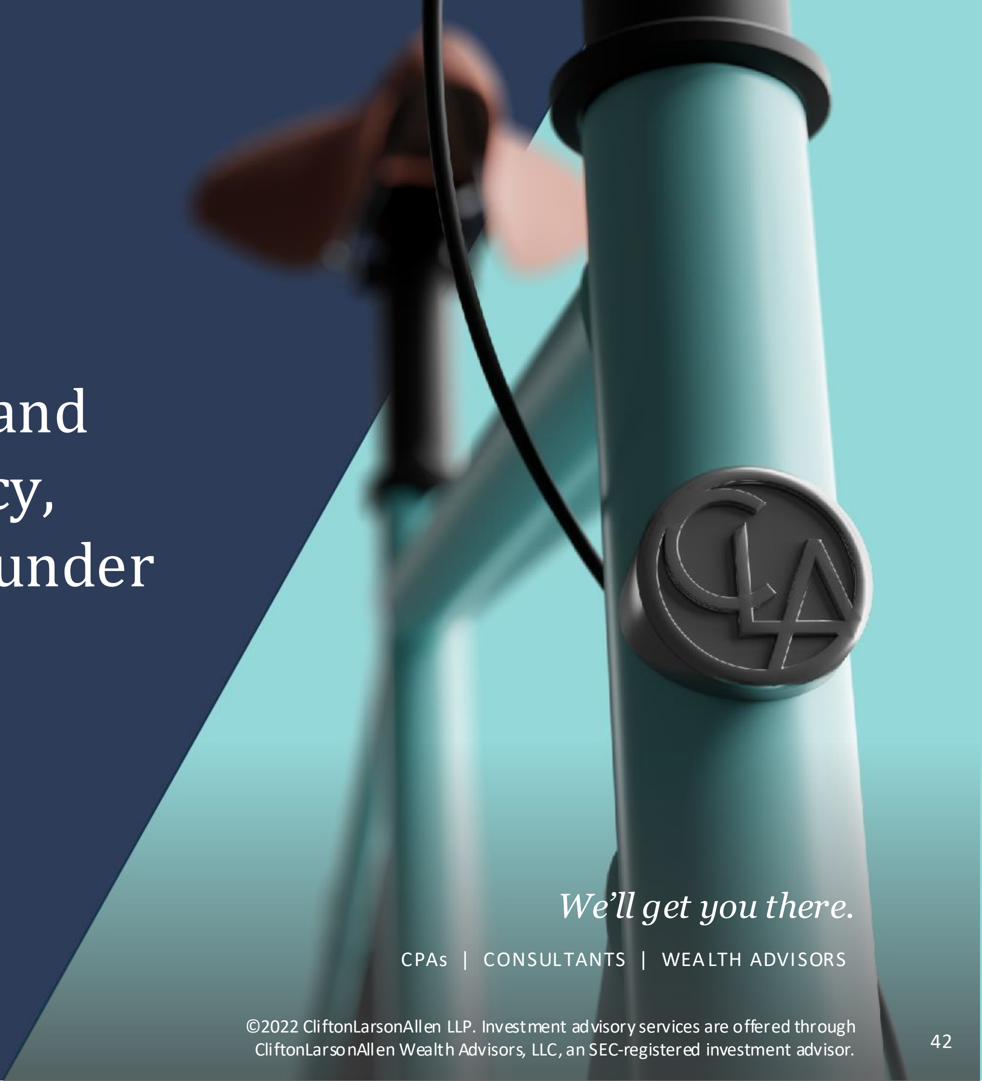
Limitations

- Requires clear criteria for what is done remotely vs. onsite.
- Coordination across two methods adds planning effort.
- Can create gaps if roles and timing are not documented.
- Needs a defined trigger for escalating to a site visit.

Side-by-side comparison

Dimension	Desk	Onsite	Hybrid
Location	Remote / PTE office	Subrecipient's site	Both — remote + on-site
Typical risk level	Lower risk	Higher risk	Medium / variable risk
Cost & effort	Low	High	Moderate
Frequency	Frequent / ongoing	Periodic	Ongoing + periodic
Depth of assurance	Documentation only	Operations & controls	Layered assurance
Best for	Reports & invoice review	New or complex subawards	Mixed subrecipient portfolios

Financial documentation and invoice review for accuracy, allowability, and support under 2 CFR 200



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Why documentation and invoice review matter

- Before reimbursing a subrecipient, the pass-through entity (PTE) must confirm that each cost is allowable, adequately documented, and consistent with the approved budget and the subaward terms (2 CFR 200 Subparts D & E).
- Invoice review is where monitoring becomes real. It is your recurring, transaction-level control — the point at which unallowable or unsupported costs are caught before federal dollars go out the door.

What review protects against

Unallowable costs

Charges outside 2 CFR 200 Subpart E or the approved budget.

Unsupported charges

Costs lacking receipts, payroll records, or backup.

Budget overruns

Spending that drifts from approved line items.

Audit findings

Errors that surface later in a Single Audit or review.

What a complete documentation package could include

Based on Risk Assessment, decide what is being required of subrecipient to submit:

Invoice / reimbursement request

Signed request tied to the approved budget line items and period.

Receipts & vendor invoices

Proof of payment for each expense, regardless of amount.

Timesheets & payroll records

Time-and-effort support for personnel and fringe (2 CFR 200.430).

General ledger (GL) detail

GL export showing costs recorded against the federal award.

Cost allocation support

Basis for shared costs such as spreadsheet

Progress / financial reports

Programmatic and financial reports for the matching period.

Factors Affecting Allowability of Costs (200.403)

- Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable:
  - (a) Be <u>necessary and reasonable</u> for the performance of the Federal award and be <u>allocable</u> thereto under these principles.
  - (b) <u>Conform to any limitations or exclusions</u> set forth in these principles or in the Federal award as to types or amount of cost items.

Factors Affecting Allowability of Costs (200.403)

- (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient/subrecipient.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. (in order to avoid possible double-charging of Federal awards)

Factors Affecting Allowability of Costs (200.403)

- (e) Be <u>determined in accordance with GAAP</u>, except, for state and local governments and Indian tribes only, as otherwise provided for.
- (f) <u>Not</u> be included as a cost or <u>used to meet cost sharing requirements</u> of any other federal award.
- (g) Be adequately <u>documented</u>.
  - Should support the cost being: Allowable, Reasonable, Properly Allocated

Reasonable Costs (200.404)

A cost is reasonable if it does not exceed that a prudent person would incur under the prevailing circumstances when the decision was made.

Allocable Costs (200.405)

A cost is allocable to a Federal award if the cost is assignable to that Federal award in accordance with relative benefits received.

The invoice review checklist

Run each reimbursement request through the same five checks before approving payment.

1	**Allowable**	Cost is reasonable, allocable, and permitted under 2 CFR 200 Subpart E and the award terms.
2	**Within budget**	Charge conforms to the approved budget line items; watch for overruns and >10% shifts.
3	**Supported**	Every expense ties to a receipt, payroll record, or other source documentation.
4	**Reconciles**	Invoice agrees to the GL and is consistent with programmatic / financial reports.
5	**Timely & complete**	Submitted on schedule, math checks out, and the request is properly signed.

Common red flags to watch for

- Costs with no supporting receipt, invoice, or payroll backup.
- Personnel charges not supported by timesheets or time-and-effort records.
- Expenses that don't appear in — or exceed — the approved budget.
- Invoice totals that don't reconcile to the general ledger.
- Line-item shifts over 10% without prior approval or budget modification.
- Indirect costs charged without a NICRA or an elected de minimis rate.
- Math errors, missing signatures, or late / incomplete submissions.
- Costs incurred outside the period of performance.

The invoice review workflow

STEP 1

Receive

Subrecipient submits the invoice and full backup by the due date.

STEP 2

Review

Run the five tests: allowable, budget, supported, reconciles, timely.

STEP 3

Resolve

Return questions; obtain missing docs or corrections before approval.

STEP 4

Approve & pay

Sign off, process payment, and record the reimbursement.

STEP 5

Document

File the review evidence and update the risk assessment as needed.

Don't pay ahead of the paper. Do not process payment until the entire request is reviewed and approved — incomplete requests should be returned, not partially paid.

Making review consistent and defensible

STANDARDIZE

Use a checklist

Apply the same five-test checklist to every invoice so reviews are consistent and repeatable.

SEGREGATE

Add a second review

Separate preparer and approver roles — a secondary sign-off strengthens internal control.

DOCUMENT

Keep the evidence

Retain the completed checklist and backup, and feed exceptions back into the risk assessment.

Tie it back to risk. Higher-risk subrecipients warrant deeper invoice testing (more sampling, more backup); lower-risk subs may need lighter review. Let the risk assessment set the intensity.

Subrecipient Monitoring Checklist, Tools, and Reports

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Checklists and Tools

Subrecipient vs. Contractor Determination Checklist

Subrecipient Risk Assessment Matrix and Monitoring Form

What a Subrecipient Monitoring Report Should Include

Why the monitoring report matters

Under 2 CFR 200.332, pass-through entities (PTEs) must monitor each subrecipient to confirm the subaward is used for authorized purposes, complies with subaward terms, and meets performance goals. The **report is the evidence** that this monitoring actually happened — and what it found.

If it isn't documented, it didn't happen. The report converts your review work into an auditable record.

Demonstrates compliance

Proves the PTE met its 200.332 monitoring obligation.

Supports reimbursements

Documents that costs paid were reviewed and allowable.

Withstands audit

Gives Single Audit reviewers a clear, retained trail.

Drives corrective action

Records findings and tracks them through to closure.

Seven building blocks of a complete report

1 Identification
Subrecipient, UEI, FAIN, ALN, subaward period & amount

2 Scope & method
Desk / onsite / hybrid, period covered, documents reviewed

3 Risk summary
Assigned risk level and the basis for it

4 Review results
Financial, programmatic & compliance testing performed

5 Findings
Questioned costs, deficiencies, noncompliance noted

6 Corrective action
Required actions, owners, due dates (CAP)

7 Conclusion & sign-off
Overall determination, reviewer, date, retention

Every report should trace back to the risk you assessed and the terms of the subaward.

Identify the award, then define the review

Identification & award data

- Subrecipient legal name and unique entity identifier (UEI)
- Federal Award Identification Number (FAIN) and ALN
- Subaward period of performance and total federal amount
- Program / project the subaward supports

Scope, method & risk

- Monitoring type performed — desk, onsite, or hybrid
- Period and transactions/reports covered by the review
- List of documents examined (invoices, GL, payroll, reports)
- Assigned risk level and the basis for that rating

Document what you tested — and what you found

Financial

- Invoices tied to approved budget lines
- Cost allowability & adequate support
- Budget vs. actual / burn rate
- Cost allocation & indirect basis

Programmatic

- Progress against performance goals
- Deliverables & milestones met
- Participant / service records
- Match or cost-share, if required

Compliance

- Timeliness of required reports
- Single Audit status & findings
- Adherence to subaward terms
- Prior findings / CAP follow-up

Findings must lead to corrective action

A finding without a documented resolution is an open audit risk. Record each issue and track it to closure.

STEP 1

State the finding and impact

Describe the condition, and criteria (cite the rule); Identify questioned or unsupported costs.

STEP 2

Provide recommendation

Provide a recommendation for how management can remedy the issue noted.

STEP 3

Management provides corrective action

Explanation of Agreement / Disagreement with finding,, Action Taken in Response to Finding, responsible party, and due date.

STEP 4

Track to closure

Follow up, verify resolution, and document sign-off.

Finding Template

2026-001 Weatherization Assistance of Low-Income Person – Assistance Listing No. 81.042

Condition: During testing of Weatherization Assistance Program eligibility, we selected a sample of households that received weatherization services and inspected each client file for documentation supporting the household's low-income status. For three of the client files tested, ABC Organization was unable to locate documentation evidencing that income eligibility had been determined and verified prior to services being provided. While services appeared to have been delivered to qualifying households, the supporting income eligibility documentation was not present in — or could not be retrieved from — the client files at the time of our audit.

Criteria: 10 CFR 440.22 limits weatherization assistance to low-income households (generally at or below 200% of federal poverty guidelines, or a State-approved categorical basis under LIHEAP), as issued annually via WPN 25-3. DOE WAP client file requirements and the approved State Plan require income eligibility documentation be obtained and retained in the client file. 2 CFR 200.303 requires effective internal control, and 2 CFR 200.334 requires records supporting Federal awards be retained and accessible.

Questioned Costs: Known questioned costs equal the assistance expended on behalf of the three households lacking documentation: $10,000.

Finding Template.

2026-001 Weatherization Assistance of Low-Income Person – Assistance Listing No. 81.042

Recommendation: ABC Organization should verify the eligibility of the three recipients whose income eligibility documentation could not be located, and retain the supporting verification in each client file. Beyond resolving the specific instances, management should strengthen its eligibility documentation process by:

- Standardizing intake — adopt a required client-file checklist (consistent with DOE's WAP Client File Checklist) so income eligibility documentation is captured at application and confirmed before services begin.
- Formalizing approval — require documented supervisory review and sign-off that eligibility was determined against the current federal poverty guidelines before work is authorized.
- Securing storage & retention — establish a consistent filing convention (physical or electronic) with access controls, and retain records for the period required under 2 CFR 200.334.
- Ongoing monitoring — perform periodic internal file reviews (self-monitoring) to confirm documentation is complete and properly filed, consistent with the internal control responsibilities in 2 CFR 200.303.
- Staff training — reinforce with responsible personnel the importance of both completing and correctly filing eligibility documentation to prevent recurrence.

Finding Template..

2026-001 Weatherization Assistance of Low-Income Person – Assistance Listing No. 81.042

Condition: Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Since the date of the exit conference, we have located documentation of low income status for two of the three grants referred to in this finding. The low income status has been re-verified for the third grant. Copies of the documentation are attached. We have met with the officials and employees responsible for completion and the filing of the low income status documentation and believe the third instance was completed and has been misfiled. We discussed with the officials and employees the importance of not only completing the documentation, but also the importance of its proper filing.

Name(s) of the contact person(s) responsible for corrective action: Joe Duff, Program Director

Planned completion date for corrective action plan: August 31, 2026

Conclude, sign, and retain the record

Overall determination

State a clear conclusion — e.g., satisfactory, needs improvement, or high concern — with a short rationale.

Reviewer & date

Name and title of the staff who performed the review, the review date, and supervisory approval.

Next monitoring step

Note any change to monitoring intensity or the date of the next scheduled review.

Retention

File the report with all backup and retain per the record-retention period (generally 3 years after final report).

Questions?

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