**MEMORANDUM** Ref: 23-02-02

DATE: February 06, 2023

TO: College Presidents

FROM: Choi Halladay,

SUBJECT: Review of Grant Expenditures

As the direct recipient of federal and state grants, SBCTC is tasked by Federal, state, and contractual guidelines to perform regular reviews of its grantees to ensure all subrecipients are following applicable guidelines. 2 CFR Section 200.330 of federal guidelines describe the requirements for each pass-through entity (SBCTC) to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and to perform regular monitoring activity to verify compliance with all applicable standards.

In a recent accountability audit performed by the Washington State Auditor’s Office (SAO), SBCTC was cited for not performing sufficient monitoring activity over grant expenses. SAO recommended SBCTC institute an internal control system designed to verify reimbursed expenses are allowable and supported ***prior*** to payment. Our current process is to have an annual review ***after*** the grant period has ended.

To implement this recommendation, SBCTC will begin reviewing invoiced expenditures on a random sample basis prior to release of grant funds. Procedures for the review will be as follows:

* One or more grants will be selected each month for review;
* All subrecipients will be notified of the grants selected and will be required to provide support for any costs invoiced;
* Once all supporting documents have been received, SBCTC staff will reconcile amounts invoiced with supporting records; and
* Payment for the grant(s) being reviewed will not be released until support for all expenditures have been provided and approved.

If any subrecipient repeatedly fails to provide required documentation on a timely basis or is unable to meet these requirements in more than one instance, SBCTC will discuss appropriate corrective measures.

SBCTC will provide each college access to a Secure Upload (SUE) account to ensure no propriety information is compromised and to allow for secure transfer of records. **Please note, noncompliance with grant allowability requirement or lack of support for expenditures will delay repayment of grant funds**.

As always, SBCTC staff is available to assist with training and technical assistance if requested.

If you have any questions or need assistance, please feel free to contact Teri Sexton at tsexton@sbctc.edu.

cc. Carli Schiffner, Deputy Executive Director Education, SBCTC

Choi Halladay, Deputy Executive Director Business Operations, SBCTC

Terri Sexton, Director of Business Services, SBCTC  
Denise Costello, Policy Associate of Fiscal Management, SBCTC

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