

TNC Grant Management and Partner Monitoring

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Partner Monitoring and Compliance Manager



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A leading conservation organization

The Nature Conservancy is committed to preserving the plants, animals, and natural communities that represent the diversity of life on Earth by protecting the lands and waters that they need to survive



For more than **50 years**, The Nature Conservancy has worked to protect natural



Working in **28 countries**,
TNC has protected more
than
117 million acres



The Nature Conservancy is the world's largest conservation organization

2005 revenues totaled **\$943**

million



Assets total **\$4.4 billion**

Award Overview



Annually, TNC disburses **\$31 million** of federal and private award funds to partners

Currently **369 awards** totaling **\$111 million** issued to

245 U.S. and international partners are

Each year, TNC receives **\$110 million** in Federal and State awards. Of this, TNC issues **\$8 million** in partner subawards

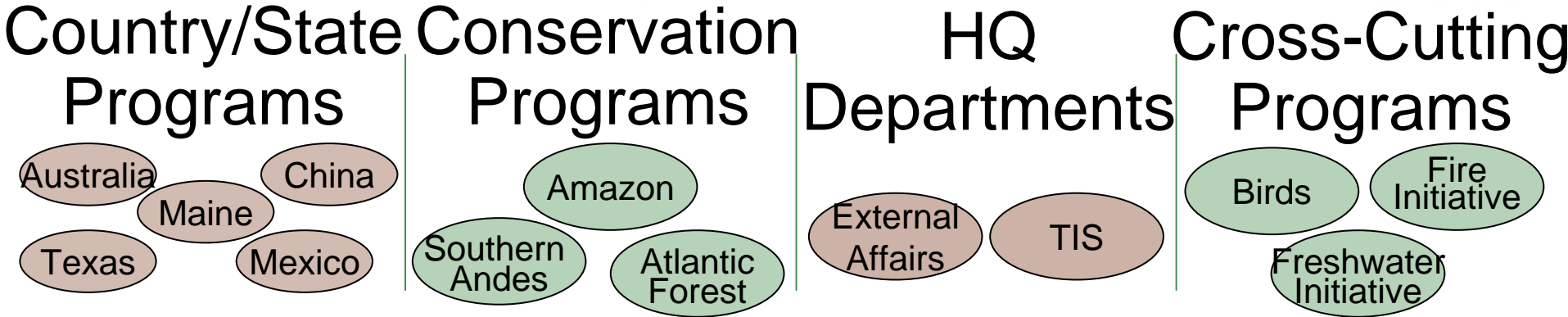
Much of our monitoring program was designed to comply with OMB Circular A-133 which requires that TNC implement a program to monitor federal funding it provides to partners

Project funding to achieve shared conservation objectives

Land acquisition funding to facilitate the purchase of land or conservation easements in areas deemed to have important conservation value

Endowments to provide for long term land management or to increase partner financial sustainability

Award Framework



Each program or department is typically supported by a staffing infrastructure that includes conservation, finance, and administrative staff

Groups of programs or departments are supported by Attorneys and Grants Specialists

Collectively, the Attorneys and Grants Specialists form the Grants Service Network

Individually, Grants Specialists ensure effective award administration by...

- Participating in contract / award negotiations
- Preparing award billings
- Monitoring financial progress of awards
- Assuring compliance with award terms
- Serving as lead on all award audits
- Preparing closing documents when awards are completed

Collectively, the Grant Service Network ensures consistent award administration by...

- 🌿 Promoting a team approach to achieve a shared understanding of best-practice award administration
- 🌿 Disseminating donor regulations and developing award administration tools and guidance memos
- 🌿 Sponsoring training of TNC and partner staff
- 🌿 Updating organization-wide award database of award related information

Internal Audit Subrecipient Monitoring (SRM) Protocol

COMPONENTS

Information - Ensure that TNC staff and managers have access to current information pertaining to TNC-provided partner awards.

Risk Assessment - Evaluate partner's systems and procedures to assess the risk to TNC in providing award funds to the partner.

Monitoring Activities and Analysis - Monitor partners appropriately to ensure that TNC meets its SRM responsibilities as outlined in OMB Circular A-133 and TNC's protocol.

Types of Risk Assessments



A-133 – US partners expending >\$500K of Fed funding annually. A-133 audit reports must be reviewed each year include TNC has an ongoing relationship with a partner to maintain the risk ranking

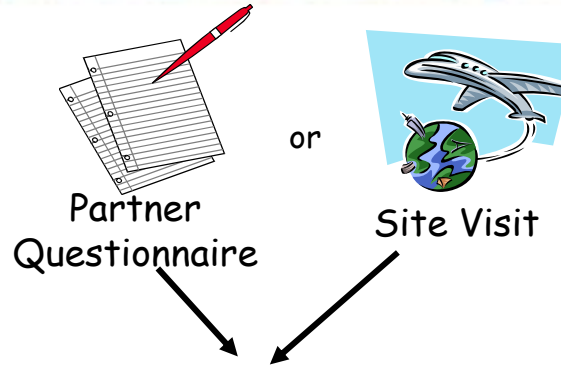
Site Visit – Risk assigned based on partner visit and completion of SRM questionnaire and risk assessment tool (RAT)

Desk Assessment – Risk assigned based on completion of SRM questionnaire and risk assessment tool (RAT)

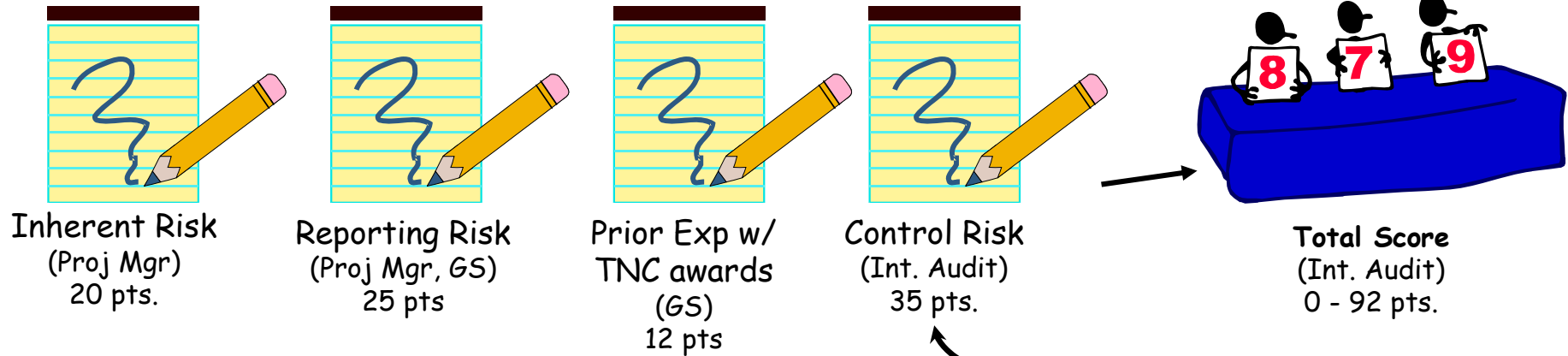
Default – High risk ranking assigned for partners that have

Risk Assessment Tool

4 Worksheets and a Questionnaire



Risk Ranking	
0-19	Low
20-30	Medium
31-92	High



Other information may also be factored into the Control Risk Worksheet including:

- Reviews of External Audits
- Reviews from External Agents

Note: Organizations receiving "clean" A-133 audits are presumed to be low risk and are not subject to the Risk Assessment Tool

SRM Framework

× Funding Ranking

	Funding	A	B	C	D
Risk		<\$50K	\$50K - 149K	\$150K - 300K	>\$300K
LOW		Sum Fin Report x 4	Sum Fin Report x 4	Sum Fin Report x 3 Det Fin Report x 1 *	Sum Fin Report x 3 Det Fin Report x 1* 1 other SRM* **
MEDIUM		Sum Fin Report x 4	Sum Fin Report x 3 Det Fin Report x 1	Sum Fin Report x 3 Det Fin Report x 1 1 other SRM **	Sum Fin Report x 3 Det Fin Report x 1 Site Visit 1 other SRM **
HIGH		Sum Fin Report x 3 Det Fin Report x 1	Sum Fin Report x 3 Det Fin Report x 1 1 other SRM **	Sum Fin Report x 3 Det Fin Report x 1 Site Visit 1 other SRM **	Sum Fin Report x 3 Det Fin Report x 1 Site Visit 1 other SRM **

* Partners who receive clean A-133 audits are not required to submit detailed financial reports or complete "other SRM"

** "Other SRM" can consist of a site visit (if not already required), external audit, or additional detailed financial report

Risk Ranking

× The Funding Ranking is based on total TNC-provided award funding expended during a TNC fiscal year (expenses recorded in g/l 5076 and 5078)

Together, the Risk Ranking and the Funding Ranking comprise the SRM Rating. For example an organization whose combined risk and funding rankings put them in this box would have a HighD SRM Rating

SRM Framework

Current Partners

Funding		A	B	C	D	
Risk		<\$50K	\$50K - 149K	\$150K - 300K	>\$300K	
LOW		19	7	1	10	37 / 15%
		\$0.4	\$0.5	\$0.2	\$6.2	
MEDIUM		13	13	4	4	34 / 14%
		\$0.4	\$1.2	\$0.8	\$2.0	
HIGH		103	40	15	16	174 / 71%
		\$1.6	\$3.2	\$3.2	\$12.0	
		135 / 55%	60 / 24%	20 / 8%	30 / 12%	

Lowest risk band (yellow) – 39 partners \$1.3m (4% of funding)

Low-Middle risk band (white) – 117 partners \$3.0m (9% of funding)

Middle-High risk band (blue) – **56** partners \$10.2m (**32%** of funding)

Highest risk band (white) - **35** partners \$17.1m (**54%** of funding)

Internal Audit

Maintain SRM database

Conduct risk assessments

Perform site visits and desk reviews

Grants

Specialist

Maintain award files

Review partner financial reports

Plan/implement activities

to meet SRM Framework

Track follow up on SRM reports

Review external audit reports from partners

Approve ICR studies

Provide award info to

Program

Director

Initiate initial risk assessment

Ensure that SRM activities meet SRM Framework

Ensure adequate follow up on SRM reports

- ❁ Methodology used to charge overhead costs to awards is unreasonable and inadequately documented
- ❁ Financial reports are inaccurate or don't agree with accounting records
- ❁ Partner does not use time reports to calculate labor charges to federal awards. Partner has not developed an alternative method to support labor charges to private awards
- ❁ Award funds are inadequately segregated and internal controls over cash are weak
- ❁ Supporting documentation does not adequately

TNC Issues

(Top 5 list of award administration issues)

- ❁ Financial report reviews are not always thorough or adequately documented
- ❁ Awards / amendments are not always timely prepared and do not always contain appropriate award administration provisions
- ❁ Follow up on SRM report issues was inadequate
- ❁ Partner awards not timely or properly closed out
- ❁ Partner award administration roles not adequately defined

Partner Challenges

Partner may be unfamiliar with grant regulations and US centric approach to grants administration

- Develop clearly written award agreements in partner language
- Provide translations of regulations
- Facilitate periodic grants administration training

TNC Challenges

Partners may not communicate in English

- Hire TNC staff able to communicate in partner language
- Develop tools and materials in partner language

Partners operate in different legal environments

- TNC attorneys focus on specific programs/geographic areas
- Retain local counsel to review agreement templates

Partners operate in different business environment

- Grants Specialists focus on specific programs/geographic areas
- Involve local staff in monitoring efforts

Grants Specialists are not always located in the partner

- Develop clear, consistent award administration procedures
- Involve local staff in monitoring efforts

Thank You

