

### SIG Lessons Learned #13 – Contract/Grant Monitoring Simplification

Over the past year, the SIG has conducted a number of contract/grant monitoring reviews. Every contract/grant had some level of monitoring. The problem was the monitoring was less than effective primarily due to superficial execution compounded by, in most cases, excessive reporting not based on risk. It resembled more of a bureaucratic “check the box” exercise than a management tool providing assurance of adequate contract/grant outcomes with an adequate accounting of funds.

Agencies generally pointed to a lack of sufficient resources to conduct proper monitoring. The SIG suggests the direction for improvement is not to just add resources to the current monitoring procedures. Rather, reassess your current monitoring procedures through a fresh lens focusing on simplifying through a risk based strategy. Once this is established, then resources can be matched, or if still insufficient, then an agency can make an evidence based decision to accept more risk or find the resources.

SIG observations of interest were:

- Agencies did not realize they had great latitude, even with federal grants, in establishing their own monitoring procedures that make sense based on risk—don’t be locked into your existing procedures which may be dated, generic boilerplate checklists rather than risk based procedures efficiently tailored to the unique risk of the contract/grant.
- There was a false sense of assurance that voluminous and timely reporting by contractees/grantees equated to adequate contract/grant performance. Actually, the volume and frequency of reporting seemed to have a numbing effect on critically evaluating information provided. More is not necessarily better because it creates clutter inhibiting focusing on the higher risk issues.
- Responsibility for the monitoring function was not sufficiently fixed for one person to “own” it, which resulted in fragmented monitoring duties executed in an inconsistent and superficial manner.

Developing monitoring procedures, or any type of internal management control procedures, requires experienced judgement and can be sometimes more of an art than a science. The SIG suggests a relatively small planning investment, which includes the agency’s risk based control subject matter expert, can pragmatically assess risks and build simpler monitoring procedures using less resources with higher assurance of contract/grant performance. Less can be more using a risk based approach. This same concept can be applied to agencies regulatory monitoring programs as well.