**Subrecipient Monitoring on Federal-Aid Local Agency Infrastructure Projects**

The Subrecipient Monitoring and Risk Assessment Manual has been updated to clarify a number of items related to CDOT Subrecipient Monitoring on federal-aid funded Local Agency projects.

On federal-aid funded Local Agency projects the Subrecipient Monitoring and Risk Assessment Manual is used by CDOT staff overseeing Local Agency projects to define the Subrecipient Monitoring process. CDOT is defined as a Pass-Through Entity. With this, CDOT is required to monitor the risk and programmatic ability of Subrecipients (Local Agencies) to administer and deliver federal-aid projects. This responsibility is defined in the Title 2 Code of Federal Regulations Part 200 (2 CFR 200).

[Link to the Subrecipient Monitoring and Risk Assessment Manual](https://sites.google.com/state.co.us/cdothub/teams/accounting-finance/compliance-for-accounting-finance). Note this is a CDOT internal manual and link (scroll to bottom of page, middle column).

In support of the Subrecipient Monitoring and Risk Assessment Changes, the following tools and forms have been updated:

1. **Subrecipient Determination Tool**: Updated wording related to shopping cart attachment.



1. **Subrecipient Risk Assessment (*2 CFR 200 risk assessment*)**: Added note to update in accordance with the Subrecipient Monitoring and Risk Assessment Manual.



The Subrecipient Risk Assessment will now be required to be updated in accordance with the following:

A  Subrecipient Risk Assessment tool is required prior to a contract being executed and encumbered. The Subrecipient Risk Assessment is required to be updated for each subrecipient by risk level in accordance with the table below:

Subrecipient Risk Assessment Update Frequency:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Low Risk** | **Medium Risk** | **High Risk** |
| **Update Frequency** | None - Subrecipient Risk Assessment is generated once prior to IGA execution unless the Project Team judges that conditions have changed such that the Subrecipient Risk Assessment warrants and updated Assessment | Biennially (Every two years) | Annually |
| **When to Update** | None, unless so determined | Two years following the most recent Risk Assessment for the given LPA. | One year following the most recent Risk Assessment for the given LPA. |
| Note:  A report will be generated by the HQ Local Agency Staff Quarterly and provided to the CDOT Region Local Agency Coordinators with the creation and updated Subrecipient Risk Assessment Dates as described in Appendix I.  The Region Local Agency staff have the ability to run this report as well. | | | |

For projects in Progress as of December 1, 2023 an updated Risk Assessment will be required at the frequency shown above as calculated from the date of the IGA execution date. An updated risk assessment is not required if a project is in the final construction season.

1. **Subrecipient Project Update Report**: The Subrecipient will be required to submit to the CDOT Project Manager the Subrecipient Project Update Report in accordance with the following:



Based on the risk level, the Subrecipient selected for monitoring will be required to provide a Subrecipient Project Update Report at a defined level of frequency in the table below. The Local Agency shall submit the first Subrecipient Project Update Report to the CDOT Region Local Agency Coordinator within 30 days following the first day of the quarter following the IGA execution, and subsequent reports as shown in the table below.

Frequency of Project Update Report

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Low** | **Medium** | **High** |
| **Frequency and Timelines** | **Annually**:  July 1 - June 30 | **Semiannually**:  (twice a year)  July  1 - December 31  January 1 - June 30 | **Quarterly:**  July 1 - September 30  October 1 - December 31  January 1 - March 31  April 1 - June 30 |

Reports are due 30 calendar days after the reporting period. A final report will be due within 30 calendar days after the period of performance end date.

For projects in progress as of December 1, 2023 Subrecipient Project Update Reports will begin to be required at the frequency shown above within 30 days of the beginning of the next quarter. The Subrecipient Project Update Report is not required if a project is in the final construction season, unless requested by the CDOT Project Manager.

1. **CDOT Monitoring Report of Subrecipients**: Revised to coincide with updates to the Subrecipient Monitoring and Risk Assessment Manual.



Local Agency (Subrecipient) Staff responsibilities related to this change:

1. Coordinate with the CDOT Project Manager to execute and update the Subrecipient Risk Assessment (*2 CFR 200 risk assessment*) as noted in the CDOT Local Agency Project Desk Reference and according to the schedule noted above. For projects in Progress as of December 1, 2023 an updated Risk Assessment will be required at the frequency shown above as calculated from the date of the IGA execution date. An updated Risk Assessment is not required if a project is in the final construction season.

Submit to the CDOT Project Manager the Subrecipient Project Update Report according to the schedule noted above. For projects in Progress as of December 1, 2023 Subrecipient Project Update Reports will begin to be required at the frequency shown above within 30 days of the beginning of the next quarter. The Subrecipient Project Update Report is not required if a project is in the final construction season, unless requested by the CDOT Project Manager.

This bulletin updates the Local Agency Desk Reference to specify needed Subrecipient Monitoring and Risk Assessment updates according to the schedules noted above.

This Bulletin becomes effective on the date of issuance for new Local Agency infrastructure projects. Please print out or electronically retain this information and update your copy of the Manual. For additional questions, contact your CDOT Region Local Agency Coordinator or CDOT Project Manager.