

Section 7.3.3: Inspections

PURPOSE AND POLICY

When accepting a funding award, grantees agree to produce various deliverables (services and/or goods) under specific conditions. Grantors have the responsibility to ensure that the grant funds are expended in accordance with the grant agreement and will conduct various monitoring activities to confirm the grantee's compliance (see [Grants Management Manual--Grantor Chapter 8](#)). The first step to ensuring proper grant management is establishing the grant in eCivis per [policy 70.05 in the State of Arizona Accounting Manual](#); eCivis serves as the official grant file. The [eCivis Implementation User Guide](#) provides technical instruction.

Among the various monitoring activities that the grantee may need to prepare for is an inspections. The grantor may reach out in advance to schedule the inspection and provide an outline or checklist to help the grantee prepare or it could be entirely by surprise and adhoc. The inspection could review programmatic and/or financial elements of the grant-funded program. The appendix to this manual provides sample site visit documents for illustrative purposes.

PROCEDURES

Preparing for the inspection. The grant program manager is the lead for preparing for the inspection. Once the grant program manager receives the request from the grantor, he/she should notify the grants management team, which should include the agency's financial representative at a minimum. He/she should also notify the agency head (and/or other responsible party).

The grant program manager should review the grant program file in eCivis to ensure all program progress and financial reports are up to date and all necessary documents are included in the grant file (i.e., signed grant agreement, any amendments or modifications, etc.).

After consulting with the team and agreeing upon a date, the grant program manager should confirm the time and place for the inspection with the grantor and arrange for meeting space. If visits are required off site (i.e., to inspect services provided directly to constituents or inspect subgrantee programs), the grant program manager must schedule those visits as well. The grant program manager will need to provide the relevant information to the grantor so he/she can include this on the agenda. If transportation is necessary, the grant program manager should arrange for this as well.

The grant program manager should schedule an internal meeting with the grants management team to review the checklist provided by the grantor in preparation for the inspection. Any missing items or other gaps should be identified and resolved. All preparation tasks should have a hard deadline so that the agency will be prepared prior to the inspection.

Participating in the inspection. The grant program manager, in consultation with his/her team, should have the meeting site ready. This includes ensuring all audio/visual, computers and telecommunications equipment is available and working. The grantor inspector(s) should have all information necessary for parking and accessing the meeting site.

The grant program manager should have the grant files ready and available for inspection, including any back-up documentation. Progress and financial reports should be accurate, current and demonstrate adequate progress according to the terms and conditions of the grant agreement. The grant program manager should be able to speak to the accomplishments of the program and address any shortcomings (and request technical assistance, if necessary). The financial representative should be in attendance and available to respond to detailed queries regarding the financial oversight and internal controls.

Following up after the inspection. The grantor will follow up with the grant program manager after the site visit, usually within 30 days. The correspondence may include a letter with no findings, which will inform the grantee that the program is on target and in compliance with the terms and conditions of the grant agreement. If there were discrepancies identified during the inspection, the grant program manager will receive a letter with findings and a corrective action plan (CAP). The CAP will provide a set of recommendations for bringing the program into compliance and an offer of technical assistance, where applicable. The grant program manager will be requested to respond with an indication of how and when the CAP will be completed.