

The letters S, M, A, R, and T are arranged vertically. Each letter is inside a circle. A dashed orange line connects the top of the S circle, goes around the M circle, then the A circle, then the R circle, and finally ends with an arrowhead pointing to the bottom of the T circle.

S
M
A
R
T

Strategies

Monitoring

Accountability

Risk Mitigation

Transparency

How to Write an Effective Monitoring Report Using the 4 Cs and 5 Whys

SMART 4.0

Hosted by the Office of Grants Management
Division of Compliance Assistance and Policy
Employment and Training Administration
U.S. Department of Labor.

SMART 4.0 Training Series

- The training modules are focused on: **S**trategies for sound grant management that includes **M**onitoring, **A**ccountability, **R**isk mitigation and **T**ransparency.
- **4.0 focuses on Risks Identification and SMART Practices!**

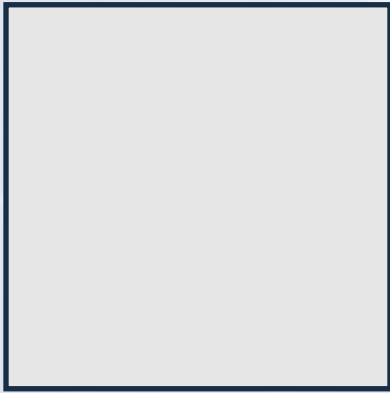


Disclaimer

SMART 4.0 is part of the catalog of SMART grant management tools. This conference and its materials should be viewed primarily as a support resource. It is not intended to be comprehensive but rather to provide an understanding of 2 CFR 200, 2 CFR 2900, and the management of ETA grants. The use of these SMART 4.0 modules does not ensure compliance. Any omission of an applicable Federal requirement does not waive a grant recipient or subrecipient's responsibility to comply with that requirement.

If, in any instance, there appears to be a conflict with the program statute, Federal regulations, or OMB guidance, such conflict must be resolved in favor of the statute, Federal regulations, or OMB guidance. All the information in the SMART 4.0 modules may not be reproduced or distributed for a fee or profit.

Today's Speakers



First Last

Occupation/Title

Company Name



First Last

Occupation/Title

Company Name

Module Overview

- Identify the Purpose of the 4 Cs and 5 Whys.
- Understand the 4 Cs.
- The 5 Whys Technique.
- Apply the 4 Cs and 5 Whys to Real Grant Operations.
 - Writing the Report.
- Access the Interactive Module.



S
M
A
R
T

Identify the Purpose of the 4 Cs and 5 Whys

Purpose

- Apply evidence-based conclusions to draft findings that will be part of an effective monitoring report.
 - By using the 4 Cs and the 5 Whys:
 - › Able to define a finding with a clear root cause.
 - › Help refine a corrective action.
 - › Lead to long-term changes instead of quick fixes.

4 Cs – Condition, Criteria, Cause, & Corrective Action

The four components of the 4 Cs:

- Condition: Describe the problem.
- Cause: Explain why the problem exists.
- Criteria: Specify the regulation/policy in question.
- Corrective Action: Propose needed remedy.
- Look to the Core Monitoring Guide (Page 25) for the 4 C's discussion.

S
M
A
R
T

Understand the 4 Cs

4 Cs: Condition

- Describes and documents the finding/violation.
 - A clear, concise, and specific statement describing the violation of law, regulation, agency or national policy, etc.
 - This statement serves as the topic sentence of a finding in a written monitoring report.
 - › Example: No physical inventory of equipment and other capital assets was taken during the last three fiscal years.

4 Cs: Cause

- Explains why the finding/ violation occurred (or is occurring).
 - This may be a person, thing, or event that produces an undesirable condition.
 - Sometimes may not be easy to identify, especially if the grant recipient is unaware of or wishes to conceal problems.
 - Determine and document the cause of each condition. If the immediate cause(s) are undeterminable, due to lack of verification/sufficient documentation, omit a description and state that the cause could not be determined.
 - › Example: The lack of written procedures and proper assignment of staff duties have resulted in the lack of compliance.

4 Cs: Criteria

- Specifies the statutory, regulatory, OMB guidance citation, or formal policy/procedure that was not met.
 - Any gaps identified must be documented, along with recommendations for reconciliation.
 - › Example: The Uniform Guidance at [2 CFR 200.313\(d\)\(2\)](#) states that at a minimum a physical inventory must be conducted every two years to account for and safeguard assets.

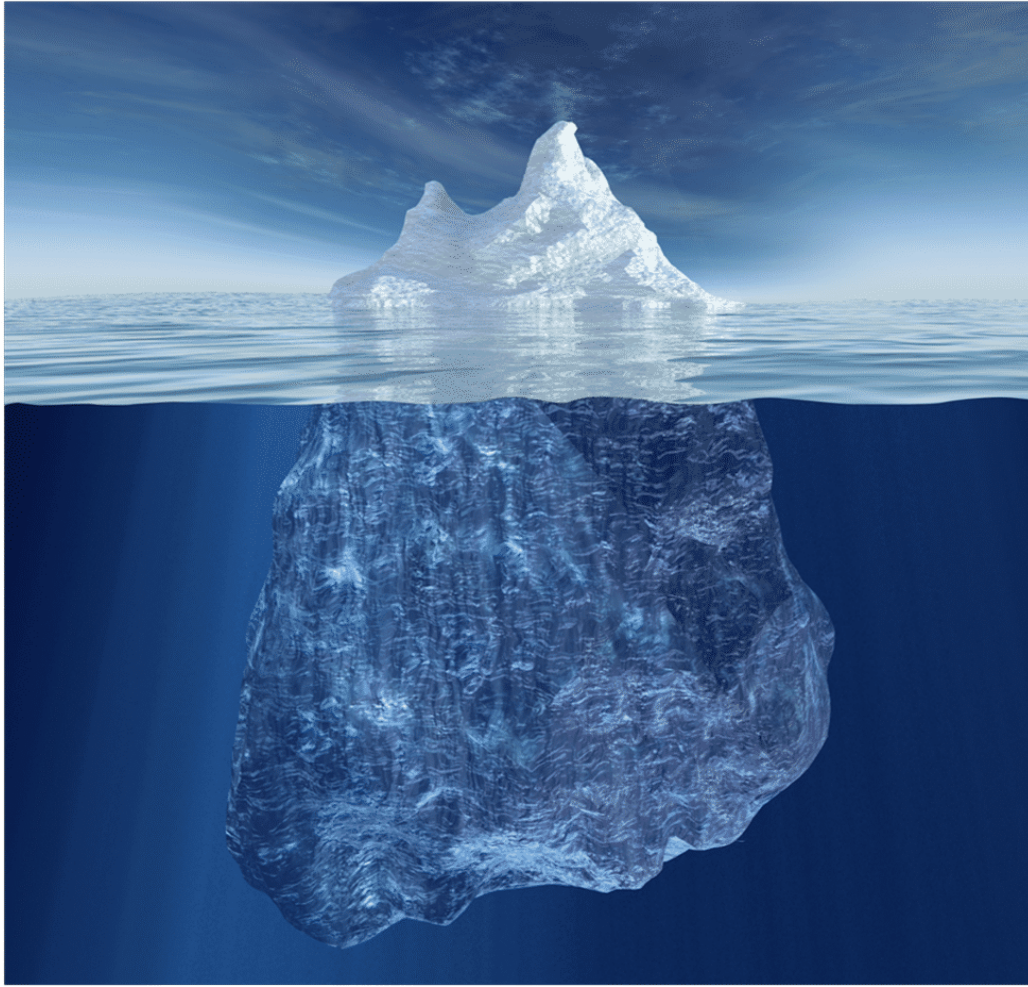
4 Cs: Corrective Action

- Detailed steps to remedy the problem, and the timeframe for completing the recommended changes.
 - Steps to correct or cure the condition and eliminate the cause of the finding, resulting in the grant recipient complying with the specified criteria going forward.
 - › For example: The agency must implement a policy requiring an annual or biannual inventory of all equipment, identify the staff position responsible for conducting the inventory, and submit a copy of the policy and a completed inventory report to this office within 30 days.

Symptoms vs. Conditions and Causes (1)

- **Surface-level problems that may recur despite corrective action has taken place to resolve them.**
- **Signs of a Symptom.**
 - Everybody knows “it”.
 - It recurs despite corrective action (because the underlying condition and cause remain).
 - The form of resolution is not intuitive and may be elusive.
- **Signs of a Condition and Cause.**
 - Few(er) people have all the information needed to describe it.
 - Corrective action solves the problem (eventually eliminates the condition, cause, and symptoms).
 - Resolution is either obvious or lends itself to testing for results.

Symptoms vs. Conditions and Causes (2)



Symptoms

- Above the water - this is what you observe.

Conditions

- Below the surface - this is the condition, problem or area of non-compliance that you identify behind the symptom.

Causes

- Below the condition - this is the reason for the condition and resulting symptoms.

Root Cause

- The core issue, the highest-level cause, that sets in motion the entire cause-and-effect reaction that ultimately leads to the problem or violation.
- Root Cause Analysis:
 - Helps you answer the question of why the problem occurred in the first place.
 - This approach seeks to identify the origin of a problem using a specific set of steps, to find the primary cause of the problem, so that you can:
 - › Determine what happened,
 - › Determine why it happened, and
 - › Figure out what to do to reduce the likelihood that it will happen again.



The 5 Whys Technique

The 5 Whys Technique (1)

A technique that can help you identify symptoms, conditions, and causes.

- Helps determine the root cause of a problem by repeating the question "Why?"
- Each answer forms the basis of the next question.
 - Each time you ask "why" will lead you closer to a corrective action or solution that goes beyond the surface of what you see to reach the root cause of an issue/problem.

The 5 Whys Technique (2)

- Consider using the 5 Whys Technique to help identify conditions and causes.
 - Helps move beyond symptoms of a problem by repeating the question, “Why?” as each answer forms the basis of the next question.
- How does the 5 Whys Technique work?
 - A symptom is identified (what does the Reviewer sees on the surface).
 - Dig deeper by asking, “why” until the condition is uncovered (reason for the symptom).
 - Continue to explore, “why” until the cause of the condition is identified.
 - › Then the solution (corrective action) can be identified that can be implemented to alleviate the problem.



Apply the 4 Cs and 5 Whys to Real Grant Operations

Why Example: Low Performance (1)

1

Why did the grant recipient fail to meet their performance measures?

2

Why did the grant recipient lose staff?

Poor Performance.

Because there was a lot of staff turnover.

Because they didn't provide a competitive salary and staff were overwhelmed and ill-equipped to understand the program's performance goals.

Why Example: Low Performance (2)

3 Why didn't they provide training or a competitive salary?

4 Why didn't they adjust their salary rates or provide training in-house?

5 Why wasn't the budget shared with managers responsible for hiring and training?

Because they did not look at current labor market information to know their starting salary is lower than other organizations in the same field and area. They relied on the State for training.

Because managers were unaware of the budget to increase salaries and did not establish a staff training plan for the new fiscal year.

Because the' grant recipients accounting system and finance person do not run or prepare an annual budget. Managers do not receive periodic budget to actual expense reports throughout the year.

Example: Excessive Employee Severance Packages – Inadequate Eligibility (1)

1

Why were the severance packages paid out?

2

Why did the director approve these expenses?

Excessive Employee Severance Packages – Inadequate Eligibility.



Because the director approved them.



Because the accountant told the director that the funds had to be expended before December 31 and he did not review the grant agreement or Uniform Guidance at 2 CFR Part 200 before notifying the director.

Example: Excessive Employee Severance Packages – Inadequate Eligibility (2)

3

Why were the expiring monies available?

4

Why wasn't the accountant aware of the requirements contained in the Uniform Guidance 2 CFR Part 200?

5

Why weren't policies updated?

The staff did not serve as many participants as it had originally agreed to, and the accountant wasn't aware of the requirements outlined in 2 CFR 200.431.

There was no policy on the use of Federal grant funds. Policies on payroll and fringe benefits did allow the director to authorize & approve a one-time change to a staff's payroll or fringe benefit package with the board's prior approval. These policies had not been updated since they were first incorporated over 15 years ago.

There was a standard operating procedure to require managers and the board to conduct an annual review of all existing policies to determine the need for future updates/changes. The last time any policy was updated was over five years ago.

Effective Interviewing Techniques

■ Close ended questions.

- Provide direct answers to questions and leave limited opportunity for detail.

■ Reflective questions.

- Require grant recipient staff to reflect on a situation and describe it. This technique allows the grant recipient staff to provide more detail on the cause and effect on a problem.

■ Open ended questions.

- Define the topic and provide opportunities for the Reviewer to discuss the topic. With open-ended questions, the grant recipient staff can clarify their responses.

■ Probing questions.

- Go deeper into a subject in order to understand the reason behind. Probing gives the grant recipient staff more latitude to collect details.

Interviewing Tips

- Summarize the key points of the discussion to ensure your understanding.
- Confirm and triangulate with others.
 - Interview multiple grant staff and external stakeholders on the same issue to confirm if the answers are the same.
 - Ask for evidence to support what they are telling you.

Writing the Report

Evidence-Based Report

- Using the 4 Cs can help you organize information and to include important details in your monitoring report.
 - Is the condition, the specific problem or violation, clearly described?
 - Is there enough evidence (through interviews, reports, etc.) to provide a reasonable and convincing argument for why the cause is the primary factor contributing to the issue?
 - Is the criteria, the specific law, regulation, policy, etc., used to determine a finding identified in the report?
 - Is the corrective action clearly described? Does the corrective action directly address the root cause?

Document Your Results (1)

- Record notes and identify issues and what evidence or supporting document was used for the basis for the finding is on record.
 - Critical that any potential findings of compliance issues are supported with evidence: observations and documents that demonstrate and support the finding.
 - Such documentation becomes part of the monitoring file.
- A finding is DIFFERENT than an area of concern.
- A finding: a violation of laws, regulations, Executive Orders, Federal Guidance, OMB Circulars, and Terms and Conditions of the Grant Agreement.
- Area of Concern/Observation: does not violate any specific law but has the potential to if left untreated.

Document Your Results (2)

Area of Concern:

- Activities related to effectiveness objectives or indicators have not been met and could possibly result in a finding at some later point if not addressed.
- Not specific compliance violations but may have negatively impacted program or could lead to a finding in the future.
- Traditionally, no corrective action is specified but suggestion for improvement may be made.

Document Your Results (3)

A 'finding' is any specific violation of:

- Program authorization/statute.
- Other applicable Federal statutes.
- Applicable appropriations.
- Implementing regulations.
- Executive Orders.
- FOA requirements for discretionary awards.
- Special conditions attached to the award.
- OMB Circulars (including 2 CFR part 200 & 2 CFR part 2900).

Document Your Results (4)

- Questioned costs are Federal funds expended in violation of provisions of the applicable laws, regulations, or award terms, or an expenditure that is not supported by adequate documentation to show that it is an allowable cost.
- Questioned costs also include what appear to be unreasonable costs, even if they are not specifically unallowable.
- Includes a cost questioned by (DOL's exception [2 CFR 2900.3](#)):
 - An auditor.
 - A Federal Project Officer.
 - A grant officer.
 - Other authorized DOL representative.

Why the 4C's and 5 Whys concept? (1)

- Thinking about the 4 Cs can help you provide clarity, organization, and important details in your monitoring report.
- By using the 5 Whys, you'll be able to determine if a finding was due to other causes not readily seen at the surface level.
- The 5 Whys will help you make connections to understand what is the "tip of the iceberg" and what lies beneath.

Why the 4C's and 5 Whys concept? (2)

- **Technical assistance** refers to the provision of technical support or any other technical service to help with development, problem-solving, or capacity-building.
- **Compliance assistance** is a form of technical assistance that refers to guidance, tools and training intended to provide award recipients with clear and easy-to-access information on how to comply with program requirements, uniform administrative requirements, cost principles, and audit requirements for Federal awards.
- The 4 C's and 5 Whys Technique helps users with **technical assistance** and **compliance assistance**.
 - Takes a common issue found within a grant organization and narrows it down to the root cause.
 - Provides targeted support to address current and future issues.
 - Addresses monitoring issues so they can be prevented in the future.

Any Questions?





Access the Interactive Module

4 Cs and 5 Whys Resources

Check out this **bonus** online interactive learning module, titled "How to write an effective monitoring report using the 4Cs and 5 Whys."
Follow the link below to get started:

[*https://rise.articulate.com/share/CaogMp-x8iqR5JgFtw-WX-JczDlopKeg#*](https://rise.articulate.com/share/CaogMp-x8iqR5JgFtw-WX-JczDlopKeg#/)



Thank You!