

Purpose

Sponsored research often involves collaborations with subrecipients—external entities who are asked to perform a portion of the project in line with the overall goals and terms of the award. University of Rhode Island (URI) is responsible for monitoring the programmatic, technical and financial activities of its subrecipients to ensure proper stewardship of sponsored funds. The following guide applies to all sub-agreements issued under sponsored programs awarded to the University of Rhode Island (URI), without regard to the primary source of funding.

The Subrecipient Monitoring Guide will:

- Outline institutional responsibilities
- Assist Principal Investigators (PIs) and department administrators with the process of monitoring subrecipient compliance with applicable federal laws and regulations and the terms and conditions of each sub-agreement in addition to achieving performance goals.

Reason for Subrecipient Monitoring

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (“Uniform Guidance”), specifically [§200.331](#), requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level. Pass-through entities are then required to monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable federal statutes and regulations and terms of the subaward and to verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

2 CFR 200.331 requires that pass-through entities monitor the activities of the subrecipient as necessary to ensure that the sub-agreement is used for authorized purposes. This is done by reviewing financial and performance reports required by the pass-through entity, following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award; and issuing a management decision for audit findings pertaining to the Federal award.

For non-federal awards, the sponsor may require URI to provide evidence demonstrating a subrecipient’s ability to properly meet the objectives of the sub-agreement and to account for the sponsor’s funds.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and jeopardize current and future funding. It is the responsibility of URI, as the pass-through entity, to ensure the good stewardship of sponsored funding. All funds assigned to subrecipient organizations should receive the same diligence as sponsored funds that remain at URI.

Definitions

Subrecipient: Subrecipient is the legal entity that is eligible to receive a financial award to which a sub-agreement is made and is accountable to URI for the use of the funds provided in carrying out a portion of URI’s scope of work under a sponsored project. A subrecipient’s performance is measured against

whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services. A subrecipient ([Uniform Guidance 2 CFR 200 Subpart A §200.93 Subrecipient](#)) is a nonfederal entity that receives a subaward from a pass-through entity to carry out part of a federal program.

Sub-Agreement: A sub-agreement can be a subaward (Grant) or subcontract (Contract). They are issued by URI, referred to as the pass-through entity, to another organization who is responsible for assisting URI with the scope of work on a sponsored project. A sub-agreement is an enforceable agreement, issued under a prime sponsored project, between a pass-through entity and a subrecipient for the performance of a substantive portion of the program; these terms do NOT apply to the procurement of goods or services from a contractor (vendor). A subaward ([Uniform Guidance 2 CFR 200 Subpart A §200.92](#)) is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal program.

Subrecipient Monitoring: Includes activities undertaken by URI to review the completion of the scope of work and the financial oversight of the funds that were awarded to the subrecipient. As the pass-through entity, URI must monitor the activities of subrecipients to ensure that the sub-agreement:

- is used for authorized purposes
- is in compliance with federal statutes and regulations
- follows the terms and conditions of the sub-agreement
- achieves performance goals

Contractor (Vendor): Organization that provides goods and services within normal business operations. Contractors (vendors) provide similar goods and services to a variety of purchasers, operate in a competitive environment, and provide goods or services that are ancillary to the operation of the sponsored program. Please see [Checklist to Determine Sub-recipient Contractor Involvement](#) to help determine if you are dealing with a Subrecipient or Vendor.

Designee: An individual who the PI has delegated with subrecipient invoice approval responsibility and who has firsthand knowledge of the PI's sponsored award(s) and programmatic progress of the subrecipient. Designees must be used when there is a potential conflict of interest between the Principal Investigator and the subrecipient.

Federal Audit Clearinghouse: Division of the Office of Management and Budget (OMB) that collects information on Single Audit (formerly A-133) results.

InfoEd: URI's web-based grants management system that includes information about all sponsored awards and connects individuals involved in and responsible for sponsored research administration.

Pass-through entity: Non-federal entity that provides a federal award to a subrecipient to carry out a federal program; sometimes referred to as the "prime" or "lead" organization.

Sponsored award: Funding arrangement in which the University is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise.

Uniform Guidance: OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” ([2 CFR 200](#)).

Single Audit: Single Audit, previously known as the OMB Circular A-133 audit, is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year. URI's Single Audit is available on the URI Controller's [website](#).

Authorized Organizational Representative (AOR): A staff member at URI who has been vetted and approved by the URI Board of Trustees to have the legal authority to sign for and speak on behalf of URI.

Sponsored Cost Accounting: An office within the URI Office of the Controller, which provides financial compliance, reporting, billing, receivables, and audits for sponsored projects.

Sub Commitment Form: (required from non-FDP members) Provides a checklist of documents and certifications required by sponsors. This form shall be signed by the authorized official at the institution of subrecipient.

Letter of Commitment (required from FDP members): Provides a checklist of documents and certifications specific to each award required by sponsors. This form shall be signed by the authorized official at the institution of subrecipient. This letter takes the place of the Sub Commitment Form for those entities included in the FDP Cohort Program.

Risk Assessment Questionnaire: OSP performs a risk analysis to evaluate the likelihood of whether a subrecipient will fail to comply with the requirements of the sub-agreement. This risk analysis is handled by OSP during the sub-agreement issuance process (or as applicable prior to initiating a Letter of Authorization) and is monitored during the term of the sub-agreement by the PI and their assigned departmental administrators. The criteria used in evaluating risk include the subrecipient's audit experience, the prior oversight and monitoring the subrecipient has received, the nature and complexity of the proposed research project, and the fiscal maturity of the subrecipient.

System for Award Management (SAM): Official U.S. government supplier database used to register suppliers in order to do business with the U.S government. This database is used to search for entity exclusion records before grants are awarded (domestic subs). <https://www.sam.gov/SAM/>

Amber Road: Similar to SAM. Used by OSP to check for debarred entities and individuals.

Monitoring Process Overview

OSP uses the documents below to monitor the activities of our subrecipients and to ensure that federal awards are administered in compliance with regulations, laws and agreements.

The following documents are included as part of the subrecipient monitoring:

- Scope of Work
- Budget
- Budget Justification
- Checklist to Determine Subrecipient Contractor Involvement
- Domestic Subrecipient Monitoring Form
- Foreign Subrecipient Monitoring Form
- Risk Assessment Questionnaire

- Negotiated Indirect Cost Rate Agreement (NICRA)

All the documents become part of the official proposal package.

Subrecipients are required to provide a copy of their negotiated indirect cost rate agreement (In §200.414(f), the guidance states that nonfederal entities that have never received a negotiated indirect cost rate, except those covered in Appendix VII (D) (1) (b), may elect to charge a de Minimis rate of **10 percent** of modified total direct cost, which may be used indefinitely), scope of work, budget, budget justification and the forms listed below.

If the subrecipient is a participant of the Federal Demonstration Project (FDP), OSP requires subrecipients to only complete a portion of the subrecipient monitoring form that is relevant to the project.

The locations of the current forms are listed below.

- Checklist to Determine Subrecipient or Contractor Involvement
<https://web.uri.edu/wp-content/uploads/sites/922/Checklist-to-Determine-Subrecipient-or-Contractor-Involvement.pdf>
- Domestic Subrecipient Monitoring Profile
<https://web.uri.edu/research-admin/files/Domestic-Subrecipient-Monitoring-Profile-and-Letter-of-Intent-to-Enter-Consortium-Agreement-Oct-12-2021.pdf>
- Foreign Subrecipient Monitoring Profile
[Microsoft Word - Foreign Subrecipient Monitoring Profile July 28, 2019 \(uri.edu\)](#)

All documents are reviewed to ensure that subrecipients are in compliance with federal guidelines as well as other sponsor guidelines. They are designed to show that all subrecipients have policies in place to enable participation on grants.

As part of the subrecipient monitoring profile document, subrecipients must verify that they are not debarred or suspended. Subrecipients must be registered in SAM and must have an active UEI number. The monitoring profile document must be approved by the authorized organization representative (AOR) to ensure compliance with institutional policies as well as other policies.

Initiating Subagreement

After the award is received, the Principal Investigator (PI) initiates the requisition to create the sub-award agreement. A requisition should be submitted with [Supplemental Requisition Form](#) and the required documents listed above.

Information on how to prepare and submit a requisition is available at the [URI Purchasing Department](#). The Purchasing Manual provides step-by-step instructions. One of the first steps in the process is to select the vendor. Please ensure that the appropriate vendor and address for the vendor (some vendors have multiple addresses). Training is required by the Purchasing Department to be able to be a requisition "requestor".

Once the requisition is received by OSP, the Post Award Specialist reviews to ensure subrecipient agreements were approved by the grantor agency and will review the requisition and verify all the related documents (e.g., Scope of Work, Budget Justification and Budget) are attached and submitted through

PeopleSoft Workflow. Upon review and verification of the necessary documents the requisition will be approved in workflow. If the requisition was deemed incomplete, it will be denied in workflow and returned to the department.

Procedure for Post-Award Review of Sub-Agreement Requisition

Description of Item(s)

- 1. Is the cost(s) allowable, reasonable and allocable to the project that is being charged?**
 - a. If no, ask PI to justify and agency approval may be required. If it is not clear to you whether the cost(s) is the same as what is in the budget get explanation from PI or speak with Associate Director for guidance on whether to move SUBCONTRACT REQUISITION forward or to get agency approval.
- 2. Are the goods and / or services to be purchased or provided within the project period? Instructions for checking project dates are at the end of the document.**
 - a. If no, ask PI to justify and agency approval may be required.
- 3. Does the vendor name on the requisition match the approved subaward recipients in the award documentation (if specified)**
 - a. If no, ask PI to justify and agency approval may be required.

Chartfield Distribution

- 1. Is the proper account code, fund, department, program and project number being charged?**
 - a. If no, ask PI to justify and agency approval may be required
- 2. Is the requested funding amount within the approved budget?**

Required Attachments

- 1. Are all the required documents attached (e.g., budget/budget justification, SOW, domestic/foreign subrecipient monitoring profile, supplemental requisition information form)**
 - a. If no, reject requisition and ask for required documentation

Once the requisition is approved, an OSP Pre Award Grant Specialist performs a risk assessment prior to issuing a subcontract. Under federal guidelines (2CFR200.331), the prime awardee is required to evaluate a subrecipient's risk of noncompliance with Federal statutes, regulations and terms and conditions prior to the issuance of a subrecipient agreement. This includes consideration of a subrecipient's audit (if available) or financial statements.

Subrecipients (e.g., entity, principal investigator and key personnel listed in budget, financial contacts) to foreign entities or determined as high risk are screened using Amber Road to determine ineligibility for participation in Federal assistance programs or activities (i.e., subrecipient or its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, in accordance with 2 CFR 200.214 and 2 CFR 180. OSP may screen other subrecipients at their discretion.)

The Pre-Award Grant Specialist will review the subrecipients audit information in the Audit Clearinghouse if available. If the audit is not available or has findings, the Grant Specialist will request their A-133 audit or their financial statements.

Upon receipt of the audit and/or financial statements, the Pre-Award Grant Specialist completes the Risk Assessment Questionnaire. In addition to reviewing the audit/financial statements, the Pre-Award Grant Specialist uses the criteria in Attachment 1 to determine risk.

Risk Assessment

URI OSP is responsible for completing the Risk Assessment Questionnaire. Goal of Subrecipient Monitoring Process Risk Assessment is to ensure the subrecipient is capable of meeting financial compliance requirements and performing as expected and in line with project goals by:

- (1) identifying the potential risks involved with the issuance of the subaward and
- (2) appropriately addressing those risks in the terms and conditions of the subaward.

Scoring Methodology

A subaward with another Rhode Island state institution (e.g., Rhode Island College, CCRI) should be considered as low risk. A subaward may be considered as low risk if it receives an institutional score of at most 9, a project score of at most 13, or a combination total of institutional and project score below 26. An institutional score over 9, a project score over 13, or total combined score equal or above 26 constitute a high risk subaward.

Assessing the Risk

If a subaward is considered high risk, there are a range of approaches that will be considered by the Post-Award Associate Director and the AVP of Research Administration. Approaches to Mitigate Risk, include, but are not limited to:

- Require incremental funding on smaller amounts and shorter budget periods
- Withhold funds until evidence of acceptable performance
- More detailed reporting
- Additional monitoring
- Require grantee to obtain technical or management assistance
- Establish additional prior approval

Do Not Issue Subaward If:

- Subrecipient Entity or PI is presently debarred or suspended or delinquent debt is reflected in SAM.gov registration
- Subrecipient Entity or PI is presently debarred or suspended or delinquent debt is reflected on Amber Road Compliance report
- Subrecipient does not have a compliant conflict of interest policy in place, if required by sponsor/award
- Financial management and accounting systems are inadequate to account for award funds in accordance with federal requirements

Some Factors to Consider:

- Is subrecipient foreign or domestic?
- Does subrecipient have Negotiated IDC Rate Agreement?
- Were most recent audit results satisfactory?
- How mature is the subrecipient organization?
- Does subrecipient have experience/policy for determining conflicts of interest?
- Is the subrecipient providing cost share?
- Does the URI PI have previous experience with subrecipient PI?

- Does subrecipient have experience with similar federal awards or federal awards in general?
- How long is the period of performance?
- How much money is involved and what percentage in overall funding does the subrecipient's portion represent?

Risk Mitigation

When potential risks are identified, steps must be taken to mitigate those risks in both the issuance and administration of the affected sub-agreement.

Suggested means of reducing subaward/subcontract-related risk:

- For international subrecipients, always require that invoices and award document amounts are in US Dollars and that the conversion rate to be used is agreed upon in writing.
- Require that invoiced amounts are supported by acceptable documentation. Examples of acceptable documentation include receipts for purchases, vendor invoices, cancelled checks, time/attendance or payroll records, etc.
 - Always reject invoices that do not include all necessary parts outlined in the Invoice Approval portion of this guide.
- Issue a fixed-price sub-agreement (as opposed to cost-reimbursable) with an invoicing schedule based upon the completion of milestones/tasks. Note: Milestone schedules should be provided and approved by both the URI PI and the subrecipient organization. Fixed-price agreements are subject to prime sponsor approval.
- If subrecipient does not have an indirect cost allocation plan or negotiated indirect cost rate, require subrecipient to provide documentation (policy, etc.) supporting how they plan to charge overhead or enforce 10% de minimus.
 - Alternate indirect cost rates that do not have a federally approved rate will require prime sponsor approval
- Upon recommendation of URI OSP, site visits can be scheduled to review records and observe operations, limited-scope audits of certain activities can be arranged, or third-party evaluations can be required.
- Utilize smaller and more frequent increments of funding and smaller periods of performance

Best Practices for Reducing Risk in All Subawards:

- Review supporting documentation (proposal, subrecipient commitment form, etc.) to ensure that compliance requirements are being met, and require documentation from subrecipient as required
- Seek guidance from OSP for complex contract or compliance issues
- Suggest that the PI specify a frequency for subrecipient technical reports (monthly/quarterly/etc.)
- Obtain PI approval of all subrecipient invoices and keep written record
- Encourage and facilitate frequent communication between the PI, the project fiscal manager, and OSP to promote early detection of any potential issues
- Communicate URI's requirements and expectations (invoice requirements) clearly to subrecipient upon execution of agreement
- Review subrecipient audit certifications/information on an annual basis to ensure compliance
- Upon award closeout, ensure that all required deliverables and documentation are received and that the final invoice is marked as such

If a sub-agreement is determined to be high risk, the Associate Vice President for Research Administration, along with the Associate Director of Pre-Award, will assess the subrecipient and determine whether to

proceed with that organization based on the nature of the high risk, or if additional terms are needed in the subrecipient agreement that may require additional monitoring/documentation. If OSP determines that a subrecipient agreement will be offered, it will develop a plan specific to that organization and the nature of the high risk to be included under special terms and condition of the agreement that allow for closer and frequent monitoring (e.g., quarterly financial reporting of activities, yearly assessment including but not limited to site visits).

Letter of Authorizations

A Letter of Authorization (LOA) is used when the university is authorizing the subrecipient to carry out a certain action and can only be signed by an authorized signatory of the university. In certain cases, LOAs authorize subrecipients to expend funds prior to issuance of the subaward. Similar to issuing a subaward, a risk assessment is conducted by OSP prior to issuing the LOA.

Execution of the Sub-Award

Once the risk assessment is complete, OSP will issue a subrecipient agreement. Following its full execution, a PO will be sent to the subrecipient so they may begin invoicing on the project.

PIs risk incurring personal liability if they authorize a subcontractor to begin work and guarantee payment in the absence of an executed sub-agreement and purchase order. Additionally, the subrecipient is not authorized to perform any work prior to the issuance of a valid purchase order by the Office Sponsored Programs.

Invoice Approval

After the subrecipient begins work, all invoices are sent directly to the PI. PI approval is a requirement, and the University will be required to show written approval if asked by an auditor. The PI, with help from college grant administrators, must review an invoice and either approve it for payment or reject it and have it returned to the subrecipient for correction. Every sub-agreement issued by URI reserves the right to reject an invoice. The right is also reserved on all subawards under [2 CFR 200.305](#). When the invoice is being reviewed, the burn rate should be checked along with the sub's performance in accordance with SOW.

After the PI reviews and approves the invoice, it is then forwarded to the OSP Post Award Specialist for further review against approved budget line items before authorizing payment. The Post Award Specialist is responsible for sending it to AP for payment.

Procedure for Post-Award Approval of Sub-Agreement Invoice

Description of Item(s)

1. Is the invoice referencing the correct Subcontract Purchase Order and Subrecipient award number?
 - a. If No, ask PI to verify the Purchase Order related to the invoice submitted to OSP for review.
2. Were the goods and/or services allowable per 2 CFR 200.402?
 - a. If No, ask PI to justify and agency approval may be required
3. Were the charges included in the invoice included in the approved budget (e.g., travel, supplies)?
 - a. If No, ask the PI to justify and agency approval may be required.
4. Were the goods and/or services provided within the project period?

- a. If No, ask PI to justify and agency approval may be required.
5. Is the Chartfield String correct
 - a. If No, ask PI to clarify.
6. Are sufficient funds available on the Subcontract Purchase Order? Were goods and/or services provided according to budget
 - a. If No, contact the PI to clarify; agency approval may be required.
7. Does the invoice contain the federally-required certification wording ([\(2 CFR 200.415\)](#))?
 - a. If No, return the invoice to the PI for follow-up with the sub-recipient.

Required Signatures

1. Is the Subcontract Invoice signed by the sub-recipient?
 - a. If No, contact PI for follow-up with the sub-recipient.
2. Is the Subcontract Invoice signed by PI? All invoices should be reviewed and approved for payment by PI.
 - a. If No, return the invoice to the PI for review and signature.

3rd Party Cost Share

In some cases, third (3rd) Party Cost Share is provided by the subrecipient. 3rd Party Commitments are typically in the form of donated effort, resources (equipment or materials), or in-kind (volunteer effort).

The Cost Share Contributions are external to the URI; they are not recorded in the URI financial system and do not incur any F&A. Because this is not a URI resource, 3rd Party Cost Share is not included in the URIs F&A Rate calculation. 3rd-party Cost Share Commitments are tracked at the department level.

If a 3rd-party Contribution is in the form of cash (which is rare), the cash should be deposited into a Gift or other discretionary budget and then expended on the item to be used as Cost Share.

Commitment Requirements

At the time of proposal, the department must obtain a written commitment from the 3rd-party contributor (individual or organization). A list of requirements for the written commitment follows, and a Commitment letter template is also available.

- the identity of the benefiting Award and, ideally, the PI
- the date range in which the contributions will be made the (must be within the start and end dates of the benefiting Award)
- a description of the items or services being contributed
- a statement indicating how the contribution will benefit the Award,
- confirmation that the resources being used for Cost Share are not from a federally sponsored resource and will not be used to meet any other Cost Share commitment
- the dollar value of the contribution, including, if applicable, any allowable indirect costs (e.g., fringe, F&A). If the contribution is effort-based then include the amount of effort.
- signature of the individual or organization's authorized official

Contribution Verification

When the third party has completed their Cost Share Contribution, they must provide written confirmation of the Contribution by using the [Third Party Cost Sharing Form](#). Completed forms should be submitted to the appropriate OSP Post-Award Specialist. OSP will then document the commitment information in a cost share report per sponsor requirements. The frequency of providing the cost share information is dedicated by the award/sponsor.

The PI is responsible for fulfilling the total cost share commitments. Match must be reported at the time of the federal funds on the subaward agreement. If a 3rd party does not provide the amount of committed Cost Share, the PI must either find an acceptable alternative 3rd party contribution or request that the sponsor modify the Award to reduce the Cost Share Commitment.

Amendments/Modifications

Amendments or Modifications to Subcontracts are initiated by the PI and processed by OSP. The PI will submit a Requisition for an Advice of Change for the subrecipient. The advice of change should include the Supplemental Requisition Information Form, budget (if adding funds), justification for time extension (if extending end date), and updated SOW (if applicable). Post-Award verifies that additional funding and/or extended end date conforms with award details. An OSP Pre Award Grant Specialist will prepare the amendment and obtain all necessary approvals and signatures.

Close Out

The fiscal activity during the life of the subcontract is monitored by the Post Award Specialist. During the close out process, the work completed is verified by the PI or their department. Liquidation of the remaining balance of the subcontract Purchase Order will be initiated by the department by approving the final invoice (clearly marked as final) and signing the Purchase Order receiving report and the Purchase Order will be closed. In general, OSP does not issue a modification to deobligate and close the subcontract.