

University of Rhode Island

Subrecipient Monitoring

Policy #99-01

Date: July, 1999

Revised: December 26, 2014

I. Purpose:

The purpose of this policy is to provide guidance to University staff in monitoring subrecipients to ensure their compliance with federal laws and regulations per Code of federal Regulations (CFR), Title 2 of the Uniform Guidance (UG), Part 200.330 "Subrecipient Monitoring and Management".

When the University enters into a Subaward and assigns responsibility for conducting a portion of its sponsored project work to a Subrecipient, the University remains responsible to the sponsor for management of funds and for meeting performance goals. Consistent with federal, state, and local regulations, and to ensure proper stewardship of sponsored projects, the University undertakes certain activities to monitor Subrecipients, including but not limited to Subrecipient assessment, verification, reporting, site visits, regular contact, and other means to provide reasonable assurance that Subrecipients administer and perform Subawards in compliance with applicable law, regulations, and the provisions of the University's sponsored projects. This policy applies to all Subawards issued under all sponsored projects awarded to the University regardless of the primary source of funding.

II. Responsibility:

- A. The Office of Sponsored Projects (under the Vice-President for Research & Economic Development) is responsible for the administration of this policy, revisions, education of the community and timely processing of adjustments.
- B. The Controller's office (under the Vice-President for Finance and Administration) is responsible for annual subrecipient monitoring related to A-133 Single Audit.
- C. Principal Investigators (PIs) have the primary responsibility of monitoring subrecipients' progress, and ensuring compliance with Federal regulations and both prime and subrecipient award terms and conditions.
- D. Departmental administrators assist PIs in reviewing their monitoring responsibilities, reviewing subrecipient invoices, identifying and following up on questionable expenditures, if necessary, and maintaining documentation of monitoring efforts.

III. Definitions:

- A. Uniform Guidance (UG): An OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”
- B. 200.74 Pass-Through Entity: a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.
- C. 200.93 Subrecipient: a non-federal entity that receives a subaward from a pass-through entity to carry out a part of a Federal program, but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- D. 200.86 Recipient: a non-federal entity that receives a Federal award directly from a Federal awarding agency to carry out a Federal program.

IV. Applicability:

This policy applies to subrecipients of the University as distinct from contractors (for example, vendors):

Subrecipient is characterized as an entity that:

- 1) Determines who is eligible to receive what Federal assistance;
- 2) Has its performance measured in relation to whether objectives of a Federal program were met;
- 3) Has responsibility for programmatic decision making;
- 4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- 5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity

Vendor is characterized as an entity that:

- 1) Provides the goods and services within normal business operations;
- 2) Provides similar goods or services to many different purchasers;
- 3) Normally operates in a competitive environment;
- 4) Provides goods or services that are ancillary to the operation of the Federal program; and
- 5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

The Office of Sponsored Projects will determine during the proposal process whether an entity is categorized as a subrecipient or vendor. Vendors will be handled through the appropriate URI procurement procedures. If the entity is determined to be a subrecipient, the requirements set out in 200.331(a) are factored into all subaward agreements.

V. Policy - Requirements for pass-through entities for subawards:

UC Part 200.331 "Requirements for pass-through entities" states all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the certain information at the time of the subaward, any changes of these data elements must be included in the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward to identify the federal prime award, including but not limited to the Catalog of Federal Domestic Assistance number (CFDA), title, award name and number, award dates, DUNS number, indirect cost rate, and funding agency.

Additionally:

- 1) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- 2) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- 3) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimus indirect cost rate as defined in UG 200.414 Indirect (F&A) costs;
- 4) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this section, UG 200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F - Audit Requirements of this part; and
- 5) Appropriate terms and conditions concerning closeout of the subaward.

UC Part 200.331 "Requirements for pass-through entities" states:(b) "Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e)."

The Office of Sponsored Projects assesses, among other factors, the Subrecipient organization's financial status and internal controls based on documentation from the Subrecipient and other independent sources, in order to determine whether to proceed with the Subrecipient. Based on that assessment, terms and conditions are established in the Subaward agreement to be consistent with the level of perceived risk and will identify specific monitoring activities. Verify subrecipient is audited as required by Subpart F-Audit Requirements and consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

VI. Subrecipient monitoring responsibilities are shared among the following:

- A. The **Office of Sponsored Projects** is responsible for the assessment of all subrecipient activity. It assesses, among other factors, the Subrecipient organization's financial status and internal controls based on documentation from the Subrecipient and other independent sources, in order to determine whether to proceed with the Subrecipient. Based on that assessment, terms and conditions should be established in the Subaward agreement to be consistent with the level of perceived risk and then will identify specific monitoring activities.
- B. The **Principal Investigator** (or his/her designee) responsibilities for monitoring subrecipients shall include the following:
 - a. To monitor the activities of the subrecipient as necessary to ensure that the federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the contract or agreements.
 - b. To oversee the satisfactory performance of the contract to ensure that goals are achieved.
 - c. To review and approve subrecipient invoices to ensure allowability, accuracy, work being performed is within the approved budget and to ensure the work that has been invoiced has, in fact, been completed.
- C. The **Office of Sponsored Projects'** responsibilities for monitoring shall include the following by Pre and Post Award:
 - a. To review grant applications to ensure subrecipient agreements were approved by the grantor agency.
 - b. To ensure each subrecipient agreement contains the condition that the subrecipient complies with the federal requirements set by the original grantor agency.
 - c. To ensure that the subrecipient agreement identifies all the information required per 200.331 UC Part 200.331 "Requirements for pass-through entities".
 - d. To provide principal investigators with a copy of the University's subrecipient monitoring policy and to advise them of their responsibilities under this policy.
 - e. Performing a subrecipient risk assessment to determine level of monitoring required.
 - f. Review and approve expenditures for compliance with applicable laws, regulations, and contract/agreement provisions, as management deems necessary.
 - g. Review subrecipient activity to ensure that actual expenditures and commitments do not exceed the approved budget.
- D. The **Office of the Controller**, to establish controls in relation to the University's subrecipient's expenditures, will perform the following monitoring requirements:
 - a. Verifies that Subrecipients are audited as required by Federal Guidance.

- b. If necessary, work with Internal Auditor and\of the Office of Sponsored Projects when issues are identified and disclosed a non-compliance and in violation of subrecipient monitoring policy.

E. The **Office of the Internal Auditor** performs the following procedures:

- a. Evaluates sub-awardee's audit findings and corrective action plan for completeness and for compliance with applicable laws and regulations and determines whether a plan of corrective action has been prepared and implemented.
- b. If necessary, will conduct a review for compliance with financial and program records, assessment of documentation (e.g., payroll registers, time and effort reports, fringe benefit and indirect cost rate charged) during the award period and/or post-award closeout process.
- c. If necessary, will conduct a site visit to ensure expenditures claimed are adequately documented, allowable, allocable and reasonable.
- d. If applicable work with the Office of Sponsored Projects and the University legal Counsel Office make recommendations or take actions necessary to enforce and rectify non-compliance and abusive situations of subrecipients
- e. Considers whether the results of the Subrecipient's audits, on-site reviews, or other monitoring activities necessitate adjustment of the University's records, such as budget modifications or reallocation of resources, repayment from the Subrecipient, or other measures. Considers taking enforcement action against noncompliant subrecipients.

Additional Information:

URI Office of Controller: <http://web.uri.edu/controller/departments/>
New Uniform Guidance 2 CFR Part 200 | FAQs | UG Executive Summary

URI Controller Policies & Procedures <http://web.uri.edu/controller/policies/>

URI Office of Sponsored Projects: <http://web.uri.edu/researchecondev/offices/sponproj/>