

# OMB Uniform Guidance 2 CFR Part 200

## *Subrecipient Monitoring and Management*

WebEx

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# OMB Uniform Guidance - 2 CFR Part 200

## Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- ❑ The [final guidance](#) was issued on December 26, 2013 and supersedes and streamlines requirements from OMB Circulars A-21, A-110, A-133, and 5 other circulars [RF OMB Guidance Public Webpage](#)
- ❑ The guidance for the Administrative Requirements and the Cost Principles became effective for nonfederal entities on December 26, 2014
  - With the exception of the procurement provisions which become effective as of July 1, 2016
    - There will be a transition period (potentially up to five years) where both the current regulations and the new OMB Uniform Guidance will be applicable.
- ❑ The guidance for the Audit Requirements becomes effective for the RF with the fiscal year that begins July 1, 2015

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## Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- ❑ The interim joint final rule issued on December 19, 2014 in the [Federal Register](#) implementing the OMB Uniform Guidance is effective for new awards and selected funding increments issued on or after December 26, 2014.
- ❑ The interim joint final rule included introductory comments as well as technical correction/amendments to [2 CFR Part 200](#).
- ❑ The remainder of the [Federal Register](#) notice is a posting of each Agency's implementation plan.
- ❑ The OMB Uniform Guidance [2 CFR Part 200](#) will be updated to reflect the technical corrections/amendments.

The following chart reflects Research Foundation Policies created and updated to comply with OMB Uniform Guidance 2 CFR Part 200. All policies can be found at [RF Policies A to Z](#).

Policy	Change
<a href="#">Subrecipient Policy</a>	New policy was created. The <a href="#">A-133 Monitoring Subrecipients</a> procedure is applicable to awards prior to December 26, 2014.
<a href="#">Procurement Policy</a>	Updated indicating election of grace period.
<a href="#">Cost Transfer Policy</a>	Citation change. Language change but not substantive. Name of policy changed from Transfer of Costs Policy.
<a href="#">Assigning Extra Service Policy</a>	Citation change. Language change but not substantive.
<a href="#">Cost Sharing Policy</a>	Citation change.
<a href="#">Effort Reporting Policy</a>	Citation change.
<a href="#">Electronic Record Management Policy</a>	Citation change.
<a href="#">Records Management Policy</a>	Citation change.
<a href="#">Salary Rules and Policies When Assigning Regular Employees</a>	Citation change.
<a href="#">Unrestricted Fund Expense</a>	Citation change.

# Subrecipient Management and Monitoring – OMB's New Prescription

# Objectives

- ❑ Understand the major changes related to subrecipient management and monitoring under the new OMB Uniform Guidance – 2 CFR Part 200
- ❑ Be aware of those changes that have a direct impact to your daily activities
- ❑ Know where to find resources should you have questions

# Subrecipient

## References 2 CFR Part 200

- Definitions: Subaward §200.92, Subrecipient §200.93 and Fixed Amount Awards §200.45
- Subrecipient Monitoring and Management: §200.300-332
  - Subrecipient and contractor determinations §200.330
  - Requirements for pass-through entities §200.331
  - Fixed Amount subawards §200.332

# Key implications

## ❑ Subrecipient Management and Monitoring

- **Pre-Award** (2 CFR Part 200.330)
  - Subrecipient vs. contractor determination must be made and documented
  - Perform a risk assessment of the subrecipient
- **More prescriptive Post-Award requirements** (2 CFR Part 200.331)
  - Add a lengthy list of elements to the subaward terms
  - Establish a monitoring plan for the subrecipient and enforcement action against noncompliant subrecipients
    - Financial review
    - Programmatic review
  - Must use subrecipient's negotiated F&A rate or provide a 10% MTDC “de minimis” rate (or another negotiated rate with the subrecipient)
- **Fixed amount subawards require written prior approval from the federal agency.** (2 CFR Part 200.332)



# 5 Step Toolkit

## Subrecipient Monitoring and Management

The Research Foundation must comply with any prime award's specific requirements for issuance of subawards.

- All of the terms and conditions applicable to the subaward must be flowed down to the subrecipient.
- The 5 step toolkit was developed to assist in determination, risk assessment and periodic monitoring of subrecipients.
- These steps are required for federal awards and are considered best practice for all others.

### Additional Federal Requirements

2 CFR Part 200 places certain additional requirements for monitoring and managing subrecipient activities on federally-funded awards. In order to ensure that the Research Foundation is in compliance with federal regulations, the requirements at 2 CFR 200.330-332 shall apply to subrecipient arrangements funded with federal funds.

# 200.330 Subrecipient and Contractor Determinations

- ❑ Pass-through entities must make determinations
- ❑ “Contractor” has replaced “vendor”
- ❑ Characteristics of a subrecipient and of a contractor (formerly vendor) have not changed

## ***Subrecipient:***

- Has performance measured against the objectives of the Federal program
- Has responsibility for making programmatic decisions
- Has responsibility for adherence to Federal program compliance requirements
- Uses Federal funds to carry out a program of the organization, not to provide goods or services for a program of the pass-through entity
- Determines who is eligible to receive Federal financial assistance

## ***Contractor:***

- Provides the goods or services within normal business operations
- Provides similar goods or services to many different purchasers
- Operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program
- Is not subject to compliance requirements of the Federal program

# 200.330 Subrecipient and Contractor Determinations

Toolkit - Step 1 (Subrecipient/Contractor Determination)

- RF Subrecipient vs. Contractor Decision Tree

Federal agencies may supply and require specific support for determinations

- Could create a significant documentation burden
- Could result in unintended agency influence on determinations

# 200.331 Requirements for Pass-through Entities

- ❑ All pass-through entities must...
  - Include required information in the subaward §200.331(a)(1)
    - Honor subrecipient federally recognized, IDC rate
    - If no rate exists
      - Negotiate a rate or use the de minimus rate of 10% MTDC §200.331(a)(4)

## Toolkit - Step 2 (Risk Assessment)

- Evaluate subrecipient risk to determine appropriate monitoring §200.331(b)

# 200.331 Requirements for Pass-through Entities (continued)

- ❑ All pass-through entities must...

Toolkit - Step 3 (Risk Mitigation)

- Consider imposing specific conditions upon subrecipient if appropriate §200.331(c)

# 200.331 Requirements for Pass-through Entities (continued)

## ❑ All pass-through entities must...

### Toolkit - Step 4 (Monitoring)

- Monitor the activities of the subrecipient §200.331(d)
  - Review financial and programmatic reports §200.331(d)(1)
  - Follow up and ensuring that timely action on all deficiencies are taken §200.331(d)(2)
  - Issue a management decision for audit findings §200.331(d)(2)

# 200.331 Requirements for Pass-through Entities (continued)

- All pass-through entities must...

Toolkit - Step 5 (Enforcement)

- Consider taking enforcement action against noncompliant subrecipients §200.331(h)

# 200.332 Fixed Amount Subawards – Limits

- ❑ Fixed amount awards defined at 200.45
- ❑ Allowed “with prior written approval from the Federal awarding agency up to the Simplified Acquisition Threshold” currently \$150,000



# Resources

- ❑ 5 Step Toolkit – Subrecipient Monitoring and Management
- ❑ [RF OMB Uniform Guidance Public Webpage](#)

# Subrecipient Subgroup Team Members

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