

# Subawards and Subrecipient Monitoring

March 25, 2015

# This session will focus on

- The life-cycle of a subaward
- Understanding roles and responsibilities
- Institutional approaches to subrecipient monitoring
- Providing an understanding of the new requirements under OMB Uniform Guidance 2 CFR Part 200.330-332 as well as resources

# Presenters/Panelists

- **Adrienne Bonilla, Esq.**, Assistant Vice President for Research – University at Albany
- **Sharon Levine-Sealy**, Pre-Award Director – Downstate Medical University
- **Betsy Colón**, Grants Management Associate – SUNY Geneseo

# Presenters/Panelists (cont.)

- **Justine Gordon**, Director - Office of Grants & Contracts Administration
- **Donna Kiley**, Associate Director - Office of Grants & Contracts Administration
- **Lisa LeBlanc**, Associate Director - Internal Audit

# Subrecipient Policy

## Reason for Policy

The Research Foundation is responsible for monitoring the programmatic and financial activities of its **subrecipients** in order to ensure proper stewardship of sponsored funds. This policy addresses those responsibilities to ensure that both The Research Foundation as **prime awardee** and subrecipients are in compliance with applicable laws, regulations and with the provisions of the **prime award**.

## Statement of Policy

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. This Subrecipient Policy applies to all subawards issued under sponsored programs made by The Research Foundation, without regard to the primary source of funding.

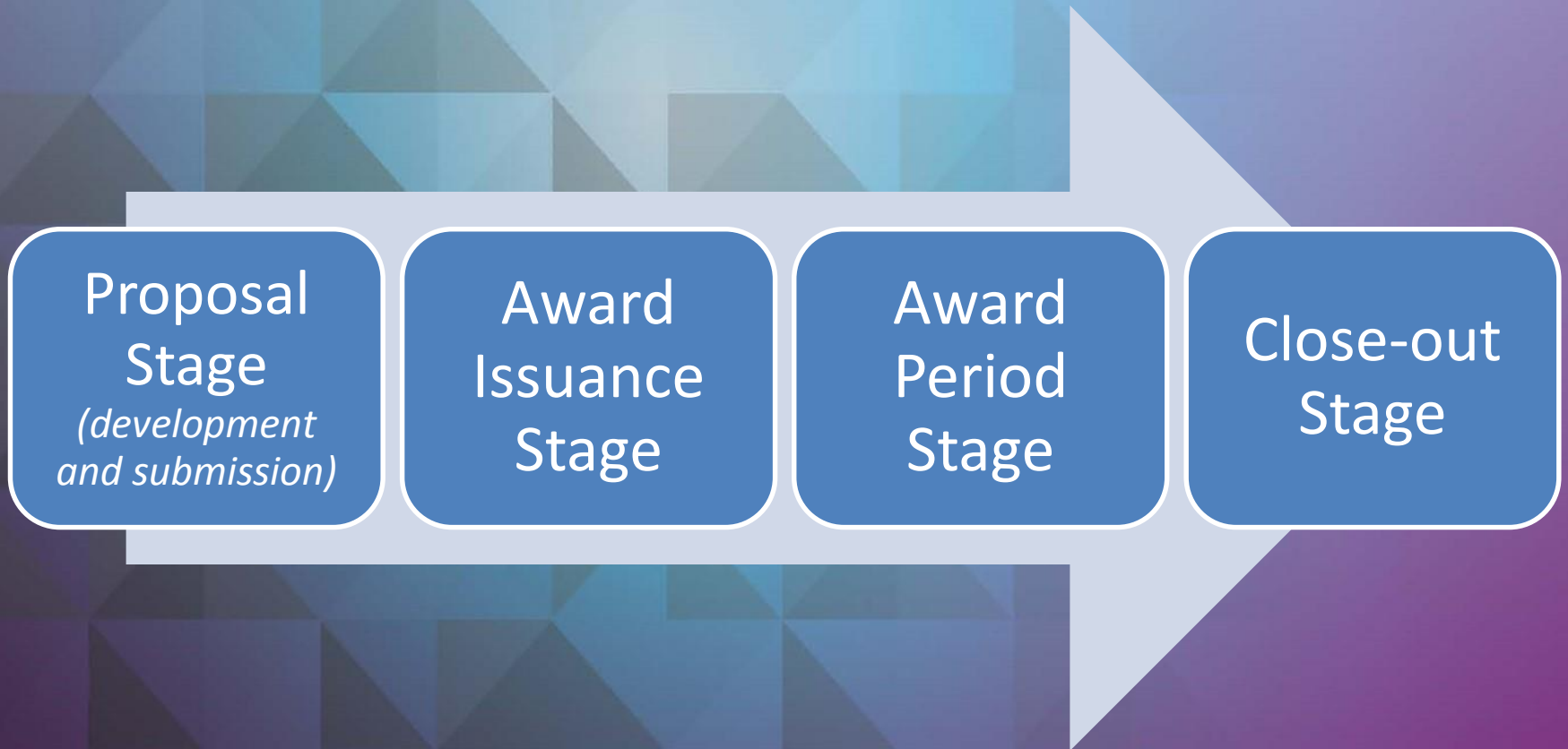


# Subrecipient Policy (cont.)

## 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. A toolkit has been developed to assist in determination, risk assessment and periodic monitoring of subrecipients.

# The Life Cycle of a Subaward



Proposal  
Stage  
*(development  
and submission)*

Award  
Issuance  
Stage

Award  
Period  
Stage

Close-out  
Stage

# 5 Step Toolkit

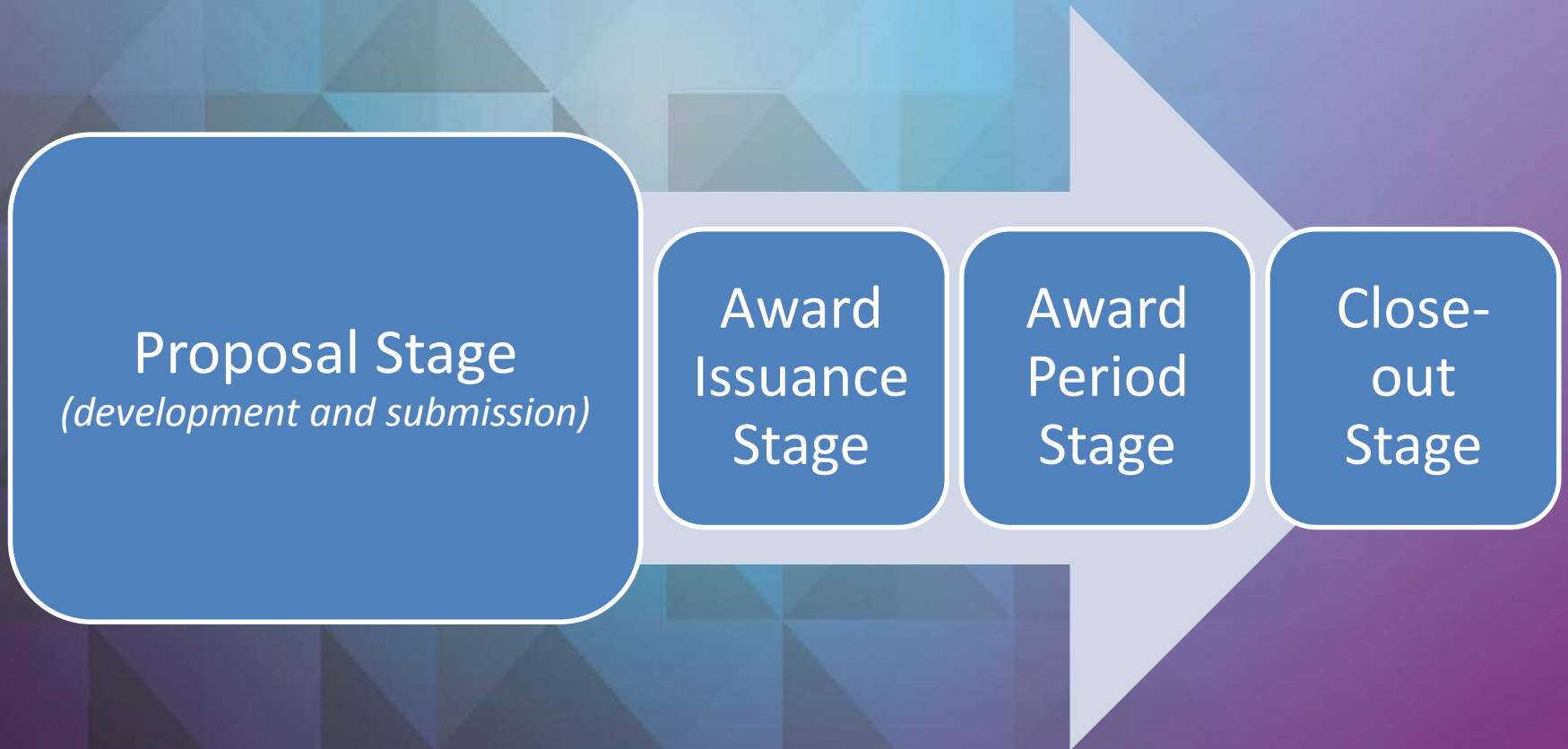
## Subrecipient Monitoring and Management

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.



# The Life Cycle of a Subaward



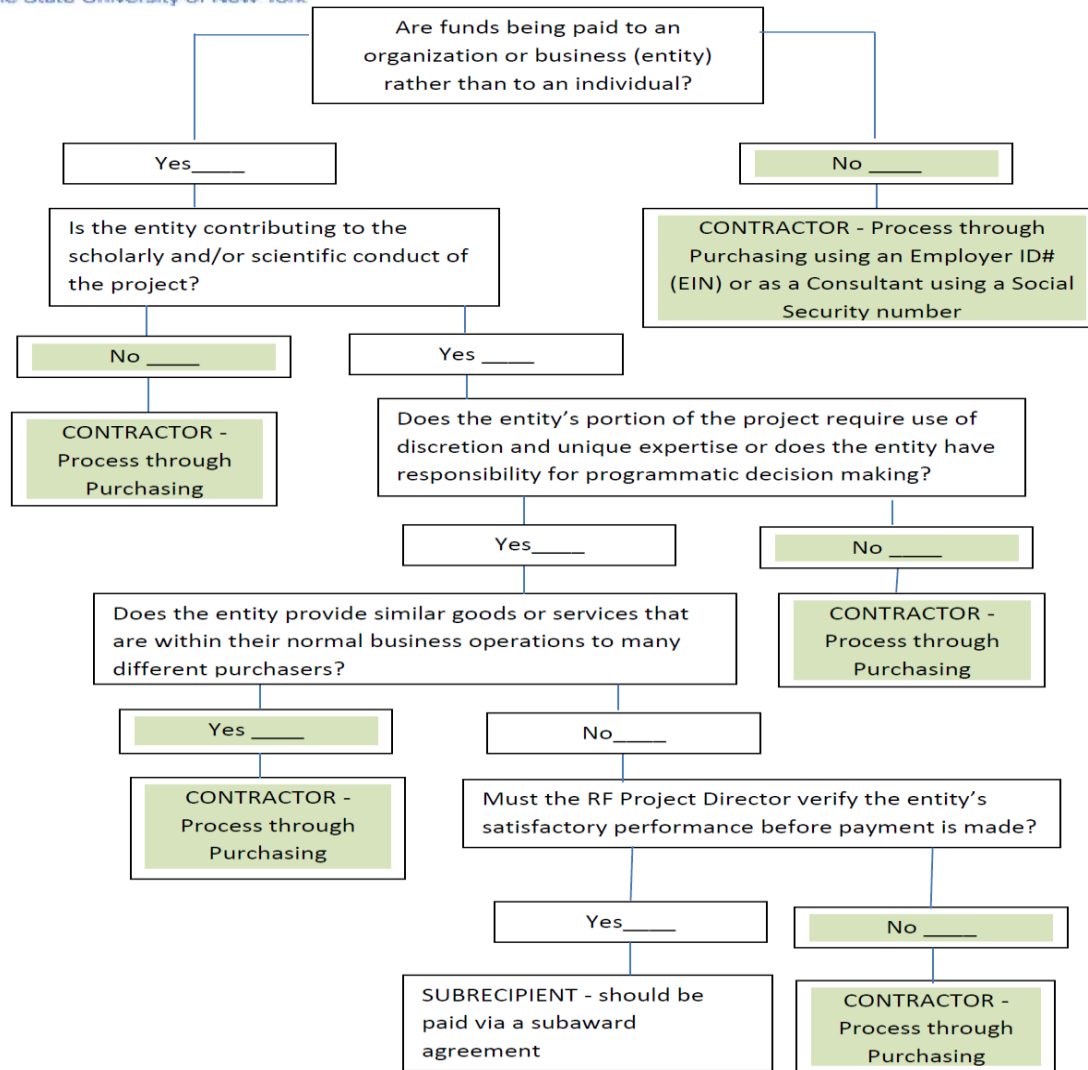
# Subrecipient and Contractor Determination 200.330

- **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

# Subrecipient and Contractor Determination 200.330 (cont.)

- 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

**Subrecipient vs. Contractor Decision Tree**



Final decision: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Reviewer: \_\_\_\_\_ Printed Name: \_\_\_\_\_

# Proposal Stage (*development and submission*)

## PI/Department/OSP: Subrecipient Proposal

- Statement of Work - describes the work the subrecipient investigators will perform in the project
- Proposed Budget & Justification
- Other items required by sponsor- biosketches, facilities, assurances, small business subcontracting plan, etc.
- Subrecipient Institutional Approval
- Risk Assessment Questionnaire

*Reminder: Sponsor Guidelines that apply to Prime, also apply to Subrecipient*



# Toolkit - Step 2

## RF Subrecipient Risk Assessment Questionnaire



### **Subrecipient Risk Assessment Questionnaire**

This questionnaire will be used to assess the subrecipient's risk and provide the necessary information for issuance of a subaward agreement.

#### **Section A -Core Information**

Subrecipient Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Subrecipient PI Name: \_\_\_\_\_

E-mail: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Address where research will be performed: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Performance Period Begin Date: \_\_\_\_\_ End Date: \_\_\_\_\_

RFSUNY PI Name: \_\_\_\_\_

Prime Sponsor: \_\_\_\_\_

Requested Sub Amount: Year One: \_\_\_\_\_ All Years: \_\_\_\_\_

Subrecipient's Federal Employer Identification Number (EIN) \_\_\_\_\_ Subrecipient's DUNS number \_\_\_\_\_

Subrecipient's Congressional District \_\_\_\_\_ Place of Performance Congressional District if different \_\_\_\_\_

Subrecipient's Organizational Type \_\_\_\_\_ CAGE Code \_\_\_\_\_

Registered in SAM?  Yes  No

Is Subrecipient owned or controlled by a parent entity?  Yes  No

If "Yes", please provide the following:

Parent Entity Legal Name: \_\_\_\_\_

Parent Entity Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Parent Entity Congressional District: \_\_\_\_\_

Parent Entity DUNS: \_\_\_\_\_

Parent Entity EIN: \_\_\_\_\_

# Toolkit - Step 3

## RF Subrecipient Risk Analysis

- Review Risk Assessment Results to:
  - Determine financial adequacy of the subrecipient
  - Confirm satisfactory evidence of F&A rate(s)
  - Verify subrecipient is not debarred or suspended
  - Verify all necessary approvals have been received
    - Agency prior approvals (contracts)
    - Agency review of agreement, as required
  - Ensure all compliance approvals have been obtained
  - Make high, medium or low-risk determination

## Subrecipient Risk Analysis - High/Low Risk Entities

### General Instructions

- Complete the risk analysis using the completed Subrecipient Risk Assessment Questionnaire provided by the subrecipient.
- The risk analysis must be applied each time a new subaward is issued or a modification is made to an existing award.
- This procedure applies to any subaward activity initiated after December 26, 2014. Existing subawards will need to be assessed and/or monitored as new modifications are requested or required.
- The weighted score will determine actions required.
- Financial thresholds are cumulative. Therefore, modifications may trigger the need to reassess risk.
- Campus is responsible for gathering information on whether or not the subrecipient requires additional monitoring.
- Any circumstance not covered in this version of the risk assessment can be marked in the \*notes section of this form. The circumstance may increase the assessed risk of the subaward.

Subrecipient Name: \_\_\_\_\_  
 Prime Sponsor: \_\_\_\_\_  
 Subaward #: \_\_\_\_\_

Date: \_\_\_\_\_  
 Contract Officer: \_\_\_\_\_  
 Risk Level Assigned: \_\_\_\_\_

Assign an assessment rating (0, 1 or 2) for each Criteria listed below.

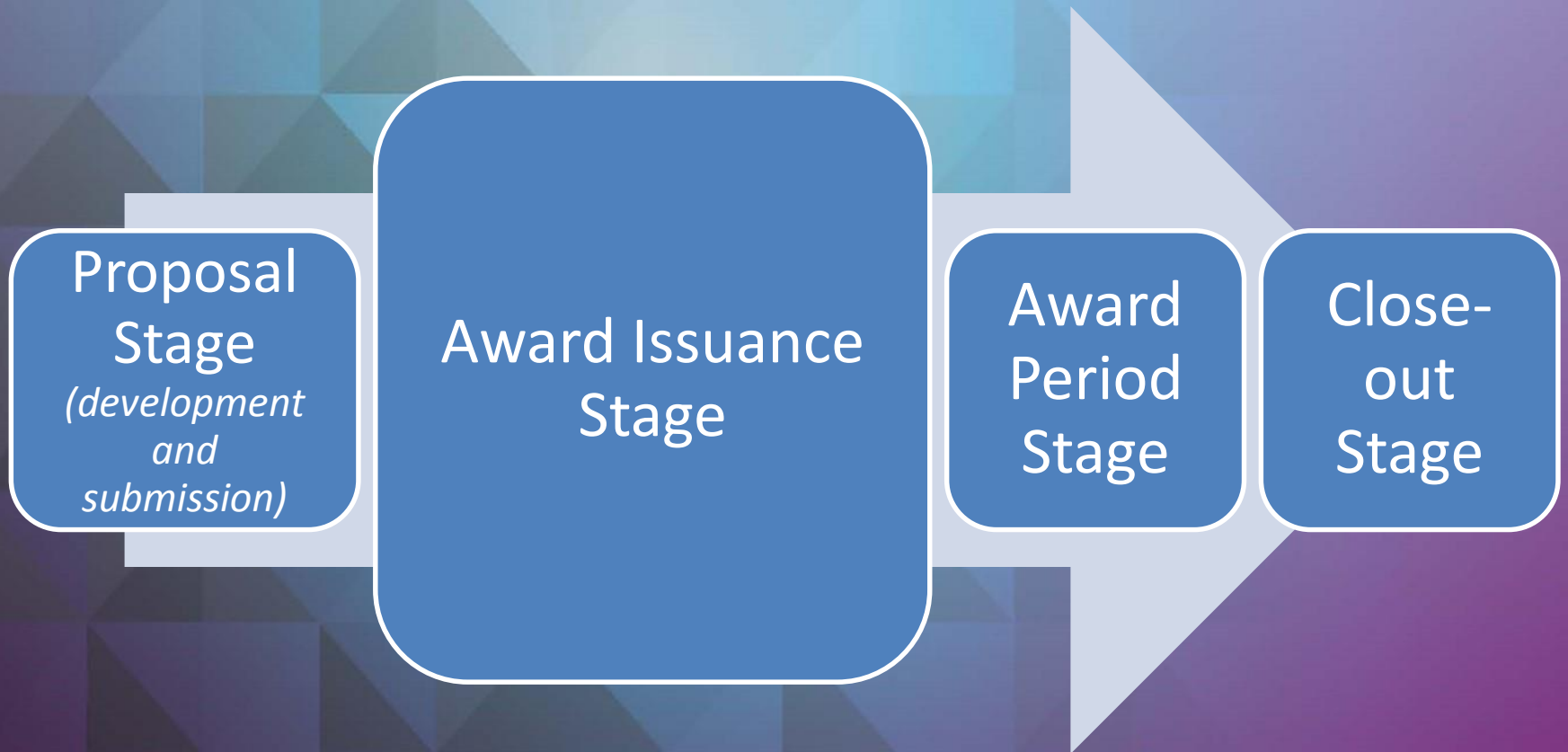
Criteria	Lower Risk	Higher Risk	Weight	Assessment Rating 0 = low 1 = med 2 = high	Weighted Score (Weight X Assessment Rating)
Foreign or Domestic	Domestic	Foreign	4		0
Maturity of Subrecipient's Organization	Mature	Start-up	4		0
Organization Type	University or non-profit	Industry	4		0
Award type	Grant	Contract or Subcontract	4		0
Amount of Subaward	Total cost is <\$499,999	Total cost is >\$500K	3		0
Percentage of RF Award Subawarded	Total cost is <48.9%	Total cost is >49%	2		0
Cost Sharing obligation	NO Cost Sharing	Cost Sharing	2		0
Established Accounting Systems	Yes	No	2		0
Procurement Systems	approved	Not approved / ad hoc	2		0
Negotiated Indirect Cost Rate Agreement	Yes	No	2		0
Single Audit Report on File	OMB Regulations (2 CFR Part 200.331(f) or A-133)	No Audit Report	2		0
Prior experience working with RF?	Previous positive experience	New Subrecipient, or previous negative experience	2		0
ITAR/EAR Type of work	No	Yes	2		0

Criteria	Lower Risk	Higher Risk	Weight	Assessment Rating 0 = low 1 = med 2 = high	Weighted Score (Weight X Assessment Rating)
IACUC/IRB Compliance	No	Yes	2		0
Location of Work	At subrecipient's facility	On SUNY campus	2		0
Sponsor Type	Private or Foundation	Government Owned & Contractor Operated	3		0
Relationship of subrecipient to PI and potential for conflict of interest	No existing or former relationship to PI	PI's relationship	1		0
SOW & Deliverables	Report only	Tangible products; pivotal to success of project	4		0
Special Considerations: up to an additional 8 points; e.g. high \$					
<b>Total Risk Score</b>					<b>0.0</b>

Risk Level Assignment & Actions (circle risk level assigned)	
Low 0-11	No action necessary.
Medium 12-50	As appropriate: <ul style="list-style-type: none"> <li>• require detailed invoicing for subrecipient</li> <li>• seek guidance from PI, and/or Office of Grants &amp; Contracts on complex contract or compliance issues</li> </ul>
High 51-83	As appropriate: <ul style="list-style-type: none"> <li>• require detailed invoicing for subrecipient</li> <li>• seek guidance from PI, Office of Grants &amp; Contracts, Legal and/or the Compliance Office on complex contract or compliance issues</li> <li>• more frequent/detailed financial and/or programmatic reporting, etc. including how and by whom the monitoring will be done.</li> </ul>
Very High >=84	Monitoring and management discussions with PI, Office of Grants & Contracts, Legal and/or the Compliance Office are required prior to issuance of a subaward.
Notes:	

Reviewer Initials \_\_\_\_\_ Date \_\_\_\_\_

# The Life Cycle of a Subaward





# Award Issuance Stage

A legal agreement between a prime recipient and a third party (subrecipient) to provide a specified portion of the work required in the prime contract or grant.

## Sets forth:

- work to be performed or expected deliverables
- compensation
- period of performance
- terms and conditions, including flow-downs from Prime Award

*AKA: Subcontract, Subgrant, Subagreement, Subrecipient Agreement, or Consortium Agreement  
... a Sub!*



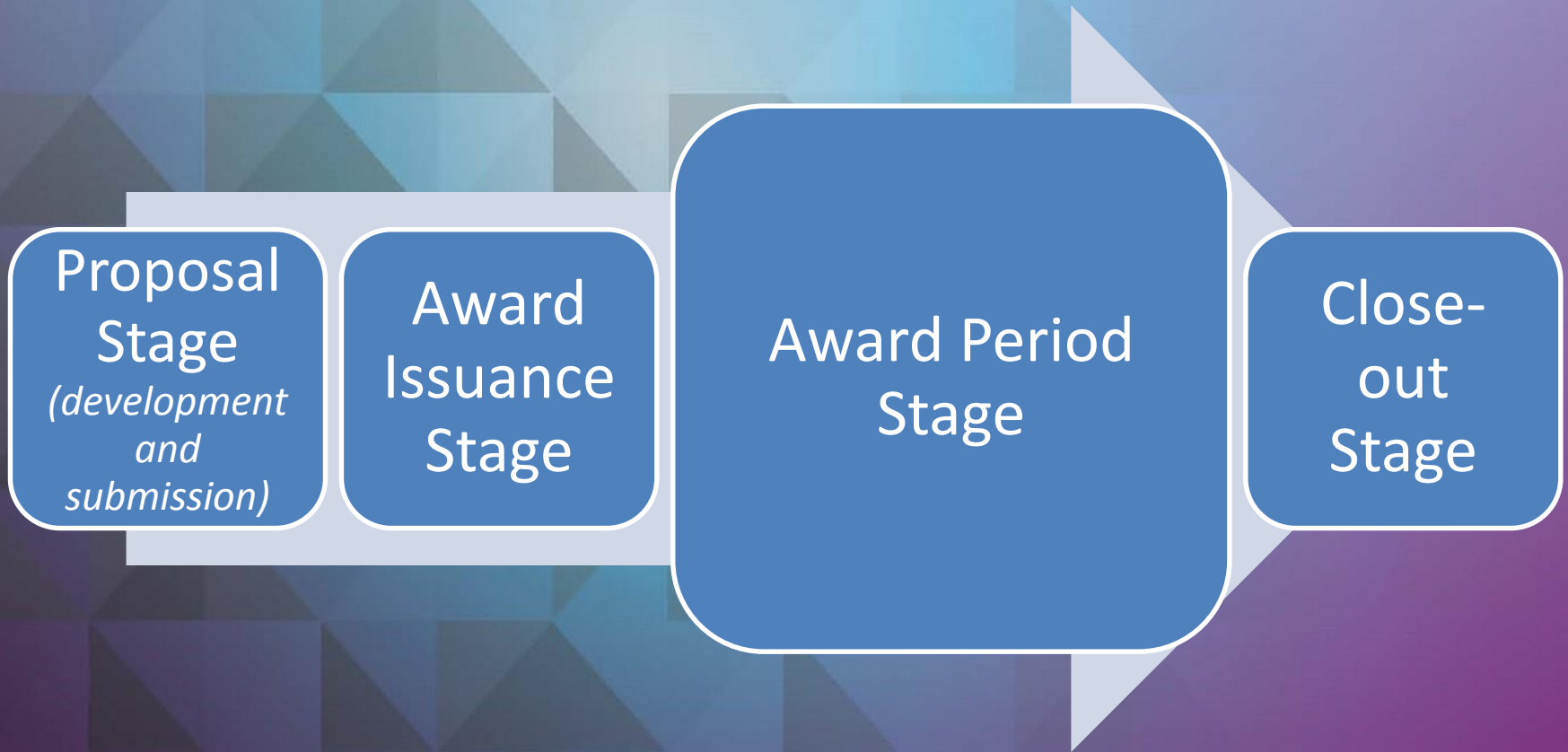
# Award Issuance Stage (cont.).

- Determine necessary risk mitigation following risk analysis
- Prepare subaward in accordance with requirements of the prime award and risk assessment
  - FDP Template or Model Agreement
  - Special award terms and conditions
  - Intercampus letter agreement
- If sponsor approval required, copy submitted for review
- During approval or subrecipient acceptance process, changes may need to be negotiated or clarifications included in subaward

# Award Issuance Stage (cont.).

- More prescriptive Post-Award requirements(2 CFR§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)
- Federal and Pass-Through Entity Requirements
- Defined Audit Requirements & Access
- Closeout Terms & Conditions

# The Life Cycle of a Subaward



# Award Period Stage Toolkit - Step 4 Monitoring

- Subaward Monitoring
  - 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)
- Modifications
  - SOW changes
  - Re-budgeting

# Award Period Stage (cont.)

## Monitoring

### Principal Investigator Responsibility

- Identify content for subawarding programmatic activity (SOW, Budgets)
- Ensure subrecipients comply with the technical and reporting provisions of the subaward
- Approve and sign all subrecipient invoices
- Document unsatisfactory performance by the subrecipient
- Determine when a subaward is to be amended. Common reasons for amending are:
  - Additional funding
  - Extending the period of performance
  - Modifying the reporting schedule



Subrecipient Name: \_\_\_\_\_

RF Project/Task/Award: \_\_\_\_\_

### **Subrecipient Performance Monitoring Checklist**

Monitoring the activities of the subrecipient is necessary to ensure that the subaward is used for authorized purposes.

#### **Subrecipient Information**

Subrecipient PI \_\_\_\_\_

Subrecipient Contact \_\_\_\_\_

Invoicing Frequency: \_\_ Monthly \_\_ Quarterly

Name and position of the person responsible for overseeing this record \_\_\_\_\_

#### **Scheduled Reporting Dates (based on the terms of the subaward)**

Date Due	Actual Date Received	Comments

#### **Informal Progress Reports Completed**

Date	Method	Comments

#### **Other Communications**

Date	Method	Comments

# Award Period Stage (cont.) Monitoring

## Research Administrators Responsibility

- Ensure compliance for subrecipient monitoring
- Review subaward invoices and collect PI signature prior to processing for payment
- Assist PI in monitoring responsibilities and maintaining supporting documentation of costs and deliverables
- Review and sign off on invoices from subrecipients for adherence to budget guidelines
- Seek clarification or support from subrecipient for any unusual, miscellaneous, seemingly excessive or other charges invoiced by the subrecipient
- Assist with modifications and timely closeout of subawards

Subrecipient Name: \_\_\_\_\_

RF Project/Task/Award: \_\_\_\_\_

### Subrecipient Invoice Checklist

	Comments:
<input type="checkbox"/> <b>Invoice #</b>	
<input type="checkbox"/> <b>Review Invoices</b>	
<input type="checkbox"/> Amount is correct in accordance with budget	
<input type="checkbox"/> Sufficient detail is provided to permit identification of costs.	
<input type="checkbox"/> Request submission of backup documentation to support invoiced expenditures during the award period and/or at closeout. It may include: copies of paid invoices; detail of travel charges, payroll registers; time and effort reports.	
<input type="checkbox"/> Expenditures are in compliance with applicable laws, regulations and specific requirements of the program	
<input type="checkbox"/> Other special terms and conditions that may apply	
<input type="checkbox"/> Invoice is certified by subrecipient	
<input type="checkbox"/> <b>Review Progress/Technical Reports and/or Deliverables</b>	
<input type="checkbox"/> Have the RF PI sign certification re: completion of reports or receipt of deliverables	
<b>Invoice Approved</b> ___ Yes      ___ No	Initial
<b>If problems are encountered with the subrecipient, refer to Enforcement Measures for next steps as necessary.</b>	

# Requirements for Pass-through Entities 200.331 (cont.)

- All pass-through entities must...

## Toolkit - Step 5 (Enforcement)

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

Subrecipient Name: \_\_\_\_\_

RF Project/Task/Award: \_\_\_\_\_

**Subrecipient Enforcement Measures – Post-Award**

**\*If problems are encountered with the subrecipient,  
 one or more of the following steps may be taken**

	Comments:	Initial
<input type="checkbox"/> <b>Contact subrecipient officials to discuss areas of concern</b>		
<input type="checkbox"/> <b>Make site visits to review supporting documentation to support invoiced expenditures</b>		
<input type="checkbox"/> Review backup documentation to support invoice expenditures		
<input type="checkbox"/> Copies of paid invoices		
<input type="checkbox"/> Detail of travel charges		
<input type="checkbox"/> Payroll registers		
<input type="checkbox"/> Time and effort reports		
<input type="checkbox"/> Negotiation agreements for fringe benefits and F and A rates		
<input type="checkbox"/> Observe operations and project performance for deliverable requirements		
<input type="checkbox"/> <b>Arrange for outside audit</b>		
<input type="checkbox"/> <b>Review subrecipient single audit or program specific audit results, if available</b>		
<input type="checkbox"/> Audit findings		
<input type="checkbox"/> Corrective action plans		
<input type="checkbox"/> <b>Other actions taken</b>		



# The Life Cycle of a Subaward

Proposal  
Stage  
*(development  
and  
submission)*

Award  
Issuance  
Stage

Award  
Period  
Stage

Close-out Stage

# Close-out Stage

- Meet with PI to ascertain successful project completion by subrecipient
- Verify receipt of all technical and financial reports
- Verify receipt and accuracy of invoice marked “FINAL”

# Internal Audit Testing

No substantial changes resulting from Uniform Guidance

- Verify initial risk assessment performed
- Verify sub-recipient agreement contains appropriate language
- Verify evidence of sub-recipient performance monitoring checklist
- Verify allowability and accuracy of sub-recipient invoices and attached certification by the sub-recipient

# Best Practices

What do you do on your campus?

# Resources

- Public webpage on the Research Foundation's website:
  - [Subrecipient Monitoring and Management](#)
    - Includes PDF and Word documents from the 5 step toolkit



# Questions