

SPONSORED PROGRAMS AND GRANTS MANAGEMENT

Procedures

Date: March 10, 2010

Revised: January 5, 2015

Subject: Subrecipient monitoring on sponsored grants and contracts

I. Purpose:

As a condition of its acceptance of funding from sponsors, Radford University is obligated in its role as primary recipient to undertake certain stewardship activities as well as comply with federal, state, and local regulations. As part of this obligation, the University is responsible for monitoring the programmatic and financial performance of its sponsored project award subrecipients.

II. Policy:

Uniform Guidance, Part 200, Subpart D

III. Procedures:

The University is obligated to advise subrecipients of requirements that are imposed on them by federal laws, regulations, and the provisions of the sponsored project award document.

Subrecipients are required to permit the University and its auditors to have access to records and financial statements pertaining to the subaward.

Except in unusual cases, subrecipients must be identified in the proposal submitted to the sponsoring agency. Following the execution of subawards, the University is required to monitor the subrecipient's activities to ensure that activities are conducted in compliance with regulations and that performance goals are achieved. In general, when a significant percentage of an award is passed through the University to a subrecipient, more intense monitoring is necessary. Regular communication with the subrecipient is required.

The University shall monitor subrecipients to ensure compliance with audit requirements. If audit findings are revealed, the University shall issue a management decision within sixty days following the receipt of the subrecipient's audit report and confirm that the subrecipient has taken appropriate corrective actions in a timely manner. If the subrecipient's corrective action plan is not submitted to the University within thirty days, the subrecipient will receive a follow-up phone call or email from Sponsored Programs. If the corrective action plan is not received by the end of sixty days, a letter will be sent from the Director of Sponsored Programs. After ninety days, a letter will be sent from the Director of Sponsored Programs to inform the subrecipient that failure to respond may result in the termination of the subaward.

If the subrecipient's audit findings necessitate adjustments in the University's financial records, such adjustments shall be made in a timely manner.

Subrecipient/Contractor Determination

The University may concurrently receive Federal awards as a recipient, a Subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, the University is required to make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a Subrecipient or a contractor.

Subrecipients - characteristics which support the classification of the non-Federal entity as a Subrecipient include when the Subrecipient:

- Determines who is eligible to receive what Federal assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- 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.

Contractors - characteristics indicative of a procurement relationship between the University and a contractor are when the contractor:

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

All of the characteristics listed above may not be present in all cases, and the University must use judgment in classifying each agreement as a Subaward or a procurement contract. When documentation of the classification is required, the Subrecipient and Supplier Determination Checklist for Sponsored Projects should be completed and maintained by the department.

Risk Assessment

Sponsored Programs shall assess and document the risk level of each Subrecipient prior to the issuance of a subaward. The risk assessment will include factors such as the dollar value of the subaward, the subaward's percentage of the prime award, the type of subrecipient, the history of the subrecipient's existence, the subrecipient's relationship with the University, the Subrecipient's experience with managing federal funds, the complexity of the project activities, and the inclusion of third-tier subrecipients. The subaward document will include additional reporting and compliance requirements for subrecipients determined to be high risk.

Subrecipient Monitoring Procedures

The University is responsible for ensuring that every Subaward is clearly identified to the Subrecipient as a Subaward and includes required data elements including, but not limited to, the CFDA Number, prime award number, federal agency issuing the prime award, identification of whether the award is R&D, the indirect rate of the federal award, and all applicable compliance requirements. (See the full list of data elements in the Uniform Guidance Subpart D §200.331)

Additional requirements that the University imposes on the Subrecipient in order to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports, should be included in the Subaward agreement.

The University is required to pay the 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 University and the Subrecipient, or a de minimis indirect cost rate of 10%. Subrecipients may decline F&A reimbursement, but the University may not coerce them to accept a lower rate than that to which they are entitled. If the rate used is lower than the rate to which the Subrecipient was entitled, documentation that such a rate was agreed to voluntarily by the Subrecipient is required.

SPGM will perform a review and risk assessment for all Subrecipients that are federally funded (which includes direct and flow-through awards). This process will take into account the following factors:

- If the Subrecipient is subject to an Single Audit – review the Federal Audit Clearinghouse to determine if the audit report is up to date and if any findings were noted.
- Size of the Subrecipient
- Amount of the Subrecipient award
- Award size relative to the Subrecipient’s sponsored activity
- Percentage of award passed through to Subrecipient
- Prior experience with the Subrecipient
- Award complexity or access to sensitive or classified data

If there is a high level of risk associated with the Subrecipient, SPGM and the PI will ensure the appropriate risk mitigation steps are taken and the necessary language is included in the Subaward.

Fixed amount Subawards (which includes fixed price and fixed rate Subawards) can only be entered into with prior written approval from the Federal agency. Other requirements for fixed amount Subawards per the Uniform Guidance §200.201 and §200.332 include:

- A fixed amount award cannot be used in programs which require mandatory cost sharing or match.
- The total dollar amount of the fixed price Subaward may not exceed the Simplified Acquisition Threshold, currently \$150,000.
- The Subrecipient **must** certify in writing at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

It is acceptable to issue more than one fixed amount Subaward to the same Subrecipient if its total cost under the project exceed \$150,000, or the agency can be consulted for guidance. If more than one fixed amount Subaward is issued to the Subrecipient, separate statements of work and deliverables for each Subaward should be created to stay within the \$150,000 threshold.

Subaward Changes

1. Subrecipients are required to notify the University and obtain prior written approval from the Director of Sponsored Programs for any changes that may materially alter the terms of the subaward. Examples include, but are not limited to, changes in the period of performance, scope of work, or budget.
2. The project director shall work with the subrecipient to ensure that any changes that may materially alter the terms of the subaward are immediately reported to Sponsored Programs for approval.
3. Sponsored Programs shall provide approval in a timely manner; in most cases, a formal subaward amendment will be required.

Review of Technical Performance Reports

The project director shall obtain periodic written performance reports from the subrecipient. Such reports should generally contain a comparison of actual accomplishments with the goals and objectives established for the period.

Review of Financial Invoices

1. Upon receipt of financial invoices, the project director shall review and assess whether the charges on the invoice reasonably match progress made on the project. If an invoice is believed to be inaccurate, project directors shall contact the subrecipient for clarification and request additional documentation before forwarding the invoice for payment.
2. Prior to approving and issuing payments on subawards, Sponsored Programs shall review financial invoices for compliance with sponsor guidelines and the terms of the subaward.
3. Sponsored Programs shall work with the project director and subrecipient to secure any additional documentation needed to process invoice payments and shall withhold payment on invoices until such documentation is received.

Compliance with FFATA (Federal Funds Accounting Transparency Act)

As of October 1, 2010, all Federal grants of \$25,000 and over are subject to the FFATA subaward reporting requirements. Prime awardees are required to upload the subrecipient information in the FFATA Sub-Award Reporting System. Subrecipients must maintain an active Central Contractor Registration (CCR) in order to receive Federal funding.

When the subaward amount is \$25,000 or larger, it is required that SPGM forwards the [FFATA form](#) to the subrecipient to obtain the necessary information to meet the FFATA requirements:

- Name of entity receiving award
- Amount of award
- Funding agency
- NAICS code for contracts/CFDA program number for grants
- Program source
- Award title descriptive of the purpose of the funding action
- Location of the entity (including congressional district)
- Place of performance (including congressional district)
- CCR Registration

IV. Definitions

CFDA Number - the Catalog of Federal Domestic Assistance (CFDA) Number. Each federally funded assistance program is assigned a unique five digit number. The first two digits identify the agency and the last three digits identify the program.

Harvester - the Federal Audit Clearinghouse website (<https://harvester.census.gov/facweb/>) that contains data pertaining to audit reports for entities subject to the Single Audit.

Subaward - an agreement entered into by the University and another entity in which the University agrees to fund the entity to conduct a portion of the tasks required to complete the scope of work within a prime award received by the University. The Subaward document identifies all terms and conditions of the agreement.

Subrecipient - the legal entity to which a Subaward is made and which is accountable to the University for the use of the funds provided in carrying out a portion of the University's programmatic effort under a sponsored project.

V. References

OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations (PRIOR GUIDANCE)

University Guidance, Part 200, Subpart D

VI. Approvals and Revisions

This policy was revised by the Director of Sponsored Programs and Grants Management on January 5, 2015 to change OMB Circular regulations to the new Uniform Guidance regulations.