

# Subrecipient Monitoring

## ROWAN UNIVERSITY POLICY

**Title:** Office of Sponsored Programs

**Subject:** Subrecipient Monitoring

**Policy No:** 2016:02

**Applies:** University-wide

**Issuing Authority:** Vice President for Research

**Responsible Officer:** Vice President for Research

**Adopted:** 04/21/2016

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### I. PURPOSE

This policy outlines the University's responsibility to ensure compliance with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including federal agency's specific Administrative Requirements, Cost Principles, and Audit Requirements, when issuing awards to subrecipients. This policy provides a framework to complete a risk assessment for any subrecipient granted an award where Rowan University is the prime recipient of an award and acting in a pass-through capacity.

### II. ACCOUNTABILITY

At the direction of the Vice President for Research, the Assistant Vice-President of Research shall implement and ensure compliance with this policy. The Deans, Associate Deans, Department Chairs/Unit heads, Principal Investigators, staff, and departmental staff and administrators are responsible for conducting grant and sponsored projects tasks and duties in adherence with this policy.

### III. APPLICABILITY

This policy applies to all University faculty, employees, staff, students and non-University employees who are stewards of sponsored funds, responsible for supervising and providing oversight related to the subrecipient's work on the sponsored project, and performs tasks in the completion of day-to-day activities related to grant and sponsored project management and administration.

This policy applies to all federal and state funding sources awarded to or contracted to Rowan University.

### IV. REFERENCES

1. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:
  - a. (Uniform Guidance) 2 CFR, Subtitle A, Chapter II, Part 200, subparts 330-333, 200.338
  - b. 45 CFR 75.350 – 75.353
2. New Jersey State Administrative Code
  - a. Title 17. Treasury – General Chapter 12. Div. of Purchase and Property: Procurement Bureau; Contract Compliance and Audit Unit; and Distribution Support Services Unit Subchapter 6. Debarment, Suspension, and Disqualification of a Person(s)
    - i. N.J.A.C. 17:12-6.9
    - ii. N.J.A.C. 17:12-6.11

## V. POLICY

A *Subrecipient*, as defined by 2 CFR 200.200.93, means a non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program.

Subrecipients not subject to OMB Uniform Guidance are defined as for-profit and those non-profit organizations not meeting the federal expenditure threshold (\$750,000 per annum), as well as foreign organizations or institutions.

1. Rowan University is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of sponsor funds. Monitoring programmatic and financial activities of subrecipients is a joint effort between the Principal Investigator (PI), PI staff, and grants administration.
2. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), specifically §200.331, requires Rowan University (pass-through entity) to evaluate each subrecipient's risk in order to determine the appropriate monitoring level, 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 verify that subrecipients are audited as required by federal regulations.
3. New Jersey Administrative Code N.J.A.C. 17:26-11 provides a publicly available list of firms and individuals that are suspended, debarred, or restricted from receiving state funds, either directly or through an entity that is a pass-through of state funds. Any subrecipient of state funds should have the subrecipient and subrecipient PI and key personnel checked against the debarment and suspension list.
4. While this policy refers specifically to subrecipient awards issued with federal, federal flow-through funding, or state funds, Rowan may also be required by a non-federal or non-state sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and act as a proper steward of the sponsor's funds. Only in these explicit situations will this policy apply to subrecipients funded with non-federal or non-state monies.
5. Subrecipient monitoring begins at the pre-award stage and ends when the award is no longer active, renewed or continued. The Office of Sponsored Programs (OSP) will not submit proposals that include subrecipient collaborators without approval from an Authorized Representative of the collaborating organization in addition to a completed and signed SF424 (federal sponsors utilizing [Grants.gov](https://www.grants.gov) portal for submission) cover page, scope of work, budget and F&A Cost Rate Agreement, if applicable.
6. OSP is responsible for administering funds granted to collaborators (subrecipients). See Attachment A for information that must be documented on the subaward.
7. For federal awards only: use of subrecipient approved federally negotiated indirect cost rate is required unless the Prime Award has imposed a lower indirect rate. The Prime Award rate will be used in that situation. If a subrecipient does not have an approved federally negotiated rate, then the use of the current de minimis rate of 10% will be used.
8. For any new government funded subaward where Rowan has no current Uniform Guidance information for the potential subrecipient or the subrecipient is not subject to OMB Combined Circular, Subpart F – Audit Requirements, then OSP will advise the subrecipient of requirements imposed on them by Federal laws, regulations and provisions of contracts, grants and cooperative agreements as well as supplemental requirements imposed by Rowan University. OSP will request the subrecipient to provide audited financial statements, an audit report of the most recent year, a statement regarding audit findings and impact of any audit findings as it relates to the prime award, and subrecipient scope of work. OSP will conduct a risk assessment and determine if any supplemental terms and conditions are required. The subaward must, at the minimum, include information and clauses as required by OMB Combined Circular 2 CFR 200.331, relevant federal and state regulations associated with the prime award, and other requirements imposed by the prime awarding agency as well as requirements imposed by Rowan University.
9. OSP must complete a risk assessment, identifying the subrecipient as low or high risk. If any subrecipient is identified as high risk, OSP will review management action plans with the Rowan PI, PI designee, OSP Directors, subrecipient PI and staff, and Division of University Research senior leadership, if required. During proposal development and submission, any and all subcontractor(s) will be checked against the Excluded Parties List System within the System for Award Management (SAM).

If action management plan calls for it and funds are made available, OSP or Division of University Research staff will perform a site visit of the subrecipient, in conjunction with the Principal Investigator and/or Department/Division Administrators.

10. Evaluation criteria for subrecipients include, but are not limited to, the subrecipients prior experience with the same or similar awards, results of previous audits, whether the subrecipient receives a Single Audit in accordance with Uniform Guidance, the extent as to which the same or similar subaward has been audited as a major program (A-133 audit), the extent and results of any federal awarding agency monitoring, and aspects related to the business structure and operations.
11. Subrecipients may have specific subaward conditions imposed upon them as described in Uniform Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart C 200.207, if a subrecipient risk assessment indicates a lack of financial stability, lack of quality management systems and ability to meet management standards as described in 200.207, poor past performance of the subrecipient in relation to the subaward scope of work or federal award management, reports and findings from audits, and/or the lack of ability to effectively implement statutory, regulatory, or other requirements imposed on non-federal entities. If the subrecipient review and risk assessment indicates a history of failure to comply with the general or specific terms and conditions of a federal award or state award, a failure to meet expected performance goals of the subaward, and when the subrecipient demonstrates a lack of responsibility, then additional conditions may be applied to the subaward. If a subrecipient does not meet any conditions imposed or other failure to comply with federal agency regulations, including agency specific conditions and requirements, then Rowan University will consider enforcement action against the subrecipient as described in 200.338 Remedies for noncompliance.

Conditions and monitoring tools that may be imposed include but are not limited to:

- a. Requiring payments as reimbursements instead of advanced payments
  - b. Not approving the subrecipient to move to the next phase or milestone until receipt of evidence of acceptable performance related to a specific period of performance
  - c. Additional documentation and more detailed financial reports
  - d. Establishing additional project monitoring and prior approvals
  - e. Providing subrecipients with training and technical assistance on program-related matters
  - f. Periodic on-site reviews of the subrecipient's program operations
  - g. Implementing agreed upon procedure engagements (200.425 – Audit services)
  - h. Termination or cancellation of subcontract
12. On an annual basis, new and existing subrecipients' A-133 report, audited financial statements, and/or financial reports will be reviewed to ensure the proper risk determination – low or high – is assigned to the subrecipient. If a subrecipient refuses to provide information, then OSP may take action necessary, including but not limited to, holding up payment to the subrecipient. Any high risk entity will be asked to complete a new Subrecipient Questionnaire until they are no longer deemed a high risk entity. Any low risk entity will be asked to verify their subrecipient information on record is current, identify any changes to their information on record and update their current Subrecipient Questionnaire, if applicable.
  13. OSP will ensure that subawards contain language that permits and allows Rowan or its auditor's access to the subrecipient's records and financial statements as applicable and necessary to comply with OMB Uniform Guidance.
  14. When subrecipient monitoring is required, PIs are responsible for the following:
    - a. Providing information necessary for Rowan OSP to contact collaborators' respective OSP offices /subrecipient liaison.
    - b. Reviewing the subrecipient's statement of work.
    - c. Reviewing subrecipient technical and progress reports, including invoices and the detailed line items associated with the invoice. PI must notify OSP immediately upon the identification of an error or other concern when reviewing the technical or progress report and invoice.

## **ATTACHMENT A**

### **Subaward Information**

The subaward or subrecipient award must include the following, when the prime sponsor is a federal agency:

- Subrecipient Name
- Subrecipient DUNS Number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this Action
- Amount of Federal Funds Obligated to the Collaborator (subrecipient)
- Total Amount of the Federal Award
- Federal Award Project Description as required by FFATA
- Name of Federal Awarding Agency, pass-through entity and contact information for awarding official
- CFDA Number and Program Title
- Identification of whether the Award is Research and Development (R&D)
- Indirect costs of the award
- Scope of Work and Budget
- Reference to or citation of federal agency regulatory requirements and conditions
- Any and all monitoring procedures or conditions imposed upon them as a result of the Risk Assessment and High Risk Subrecipient Review outcome
- Confirmation of Compliance with PHS FCOI Policy and/or COI policy (in the event the prime awardee (sponsor) has not changed its COI policy)
- Statement on the Subaward that Rowan University Division of University Research and Internal Audit department can access the subrecipient's records and financial statements as necessary to comply with OMB Uniform Guidance
- Clause incorporating the requirements of OMB Uniform Guidance, Subpart F where applicable indicating that the subrecipient must do the following:
  1. In all instances where an audit has disclosed findings, those findings must be provided to Rowan University Office of Sponsored Programs
  2. In all instances where an audit did not disclose any findings, the subrecipient must indicate or provide a statement in writing that the audit was done in accordance with OMB Uniform Guidance; the schedule of findings, and summary schedule of prior audit findings did not report on the status of any audit findings related to the award (Prime) provided to Rowan University

If all of the information is not available, then OSP will provide the information that is made available by the awarding agency to the collaborator (subrecipient).

## **ATTACHMENT B**

### **Roles and Responsibilities**

#### **Principal Investigator**

- Identification of subrecipients, and initiate subcontracting process.
- Determination and verification of subrecipient's capability to meet the goals and performance objectives of the subaward.
- Monitoring of the subrecipient activities; including review of subrecipients invoices.
- Determine if additional funding should be granted to the subrecipients.
- Request reports from the subrecipient, as needed.

#### **Department/Division Administrators**

- Support the Principal Investigator in the management of a subrecipient's work performed.

- Works with Subrecipient and the Principal Investigator to ensure subaward requests are sent to OSP and are complete, obtains PI approvals and signatures as necessary, reviews subrecipients invoice with PI, and identification of regulatory compliant activities and rules required of the subrecipient.
- Review financial information and reports for accuracy and relevancy.

#### Office of Sponsored Programs

- Development and generation of subaward/subcontract with appropriate and applicable regulations and information required for subcontracts.
- Preparing, collecting, and obtaining all required signatures for the Subaward Agreement/Package, including coordinating and obtaining subrecipients signature on the subaward.
- Evaluation of A-133 audit report, other audited financial statements, and other financial data to determine the risk level and proper stewardship of funds.
- Checking subrecipients for debarment or suspension; and FFATA reporting as necessary
- For PHS FCOI non-compliant subrecipients, work with the non-compliant subrecipients to ensure they meet the requirements of FCOI.
- Notification to Principal Investigator and Department/Division Administrators when subaward is fully executed.
- Processing subrecipient invoices submitted for payment, collection of support documentation of subrecipient costs, and allocation of grant funds related to subaward.
- Identifying and including CFDA number in checks disbursed to the subrecipient.