

University of Kansas Center for Research, Inc.

Procedures for Monitoring Subrecipients

Background

The University of Kansas Center for Research, Inc. (KUCR) is responsible for the financial monitoring of its subrecipients. KUCR is required to comply with the audit requirements as outlined in OMB Circular A-133. There are specific financial and administrative requirements governing the management of federal grants and contracts. When KUCR contracts with subrecipients to perform work on federal grants and contracts, these same regulations govern the subrecipients. Penalties for noncompliance include adverse audit findings, financial liabilities, and loss of eligibility to receive future awards.

Subrecipient monitoring is an ongoing process that involves several units at all stages of the subaward. The following procedures document the process that KUCR follows to monitor subrecipients.

Definitions (from A-133)

OMB Circular A-133 sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards. <http://www.whitehouse.gov/omb/rewrite/circulars/a133/a133.html>.

Pass-through entity means a non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program.

Recipient means a non-Federal entity that expends Federal awards received directly from a Federal awarding agency to carry out a Federal program.

Subrecipient means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program.

The procedures herein apply to Subrecipients not Vendors.

Roles & Responsibilities

Principal Investigators (“PI”)

- Ensure compliance with the policy and procedures for Subrecipient Monitoring
- Identify subrecipient programmatic activity at proposal stage.

- Make initial determination of subrecipient or vendor relationship in accordance with A-133 definitions.
- Determine frequency and scope for monitoring programmatic activities of a subrecipient.
- Review technical reports and ensure subrecipient work is being performed on a timely basis.
- Ensure subrecipient expenditures are proportional to the research provided for that period.
- Approve and certify each subrecipient invoice with the following statement:

"I certify that satisfactory progress is being made by the subrecipient and this invoice is approved for payment"

Department administrators

- Ensure all department personnel involved in financial administration of sponsored projects are familiar with the policy and procedures for Subrecipient Monitoring.
- Assist PI in all monitoring responsibilities and maintaining supporting documentation.
- Monitor awards to ensure that costs are appropriate, approved and reflected appropriately in the accounting system

Research Administration/KUCR

- Maintain the Subrecipient Monitoring policy and procedures in compliance with federal and other applicable regulations and consistent with sound business practices.
- Provide continued training, monitoring and guidance in interpreting applicable regulations and subrecipient award terms and conditions, and in interpreting and executing these policies & procedures.
- Maintain a system to identify subrecipients for monitoring.
- Ensure that subrecipients expending \$500,000 or more in Federal awards during a fiscal year meet the audit requirements of A-133.

Pre-Award Services

- Work with PI and Department administrators to verify the proper delegation of a subrecipient or vendor relationship and include accurate description of category on proposal budget.
- Gather appropriate identifying information for the potential subrecipient using the Subrecipient Monitoring Template. Ensure a copy of the completed form is available in the Digital Vault.

- Ensure subrecipient is registered with the Central Contractor Registration (CCR).
- Verify subrecipient is not debarred or suspended by checking Visual Compliance.
- Check the Exceptional Collaborator list maintained by KUCR. In the event a potential subrecipient appears on the list, the proposal will be flagged appropriately in PeopleSoft with additional reviews needed prior to release of any subrecipient agreement.
- Make sure the Scope of Work contains a detailed description of the work to be performed, provides an anticipated timeline, as well as potential deliverables or expected outcomes, and budget approved by the subrecipient institution
- Required of subcontractors before Proposal Submission:
 1. Budgets by year and cumulative
 2. Budget justification (may not be required by sponsor/agency, but KUCR prefers to have it for file)
 3. Subcontract statement of work (to be performed by subcontractor)
 4. Copy of subcontractor's F&A rate agreement
 5. Completed and signed "Intent to Form a Subcontract Agreement" must be furnished by possible subawardees/subcontractors prior to review and signature. A copy of this form should be included with the Proposal pieces in the Digital Vault.
- Optional (some agencies require) from subcontractors
 1. Curriculum Vitae for senior personnel, in appropriate format
 2. Current and pending for senior personnel, in appropriate format
 3. Other documents, as funding agency directs
 4. Facilities/Resources information

Contract Negotiations

- Ensure appropriate flow down requirements, including appropriate audit requirements, are included in the subrecipient agreement. In the event the subrecipient is flagged as an Exceptional Collaborator, a risk analysis will be completed to determine the level of potential risk and will determine what, if any, specific audit language will need to be added to the subrecipient agreement.
- Ensure subrecipient agreement includes detailed scope of work and timeline for submission of technical and financial reports.
- Ensure that CFDA of prime award is listed on the subrecipient agreement

- Ensure that subrecipient reporting is scheduled within the time constraints of prime agreement.

Post-Award Services

- Assure PI or designated individual has appropriately certified and approved subrecipient expenditures.
- Verify subrecipient is not debarred or suspended by checking Visual Compliance.
- Review all subrecipient invoices for allowability, allocability and consistency within prime award rules and regulations.
- Ensure each invoice is in accordance with the budget and that there is an available balance.
- On an annual basis, create and review the list of all subrecipients who receive federal flow-through or awards from KUCR during the fiscal year:
 - Make an initial review of the subrecipients on the A-133 Audits in the Federal Audit Clearinghouse (FAC) database (<http://harvester.census.gov/sac>).
 - If a subrecipient is not in the FAC database or if the FAC database indicates material findings, submit a letter to each subrecipient to verify compliance with federal guidelines.
- When a subrecipient has an A-133 Audit finding, the PAS Manager will review the findings and will evaluate the subrecipient corrective action plans to determine the potential impact on KUCR. PAS, Research Administration, and Financial Services will issue a management decision on the audit findings. When appropriate, corrective actions may be put in place to verify subrecipient compliance. These corrective actions may include on-site monitoring, additional audit requirements or additional contractual terms and conditions.
- Maintain system to track annual certification process including date letters were sent, date certifications were received, and any necessary follow up contact.
- Follow up on instances of subrecipient noncompliance with annual certification requirements.
- Review with departmental administration and PI the subrecipient risk analysis and finding to ensure close oversight with requirements.

Foreign Subrecipients

Even though A-133 Audits do not apply to foreign subrecipients, Post-Award Services will submit a letter to each foreign subrecipient requesting they provide documentation and certification that applicable compliance requirements are in place sufficient to comply with federal regulations.