Subrecipient Monitoring

Overview
Agnes Scott College is responsible for ensuring that all subrecipients of its sponsored research awards are in compliance with applicable requirements.

As a recipient of federally funded awards, Agnes Scott College is a primary institution. When a portion of the work sponsored by the award is assigned to another entity as a subaward, Agnes Scott becomes a Pass-Through Entity and is required to monitor the subrecipient’s use of funds, adherence to all applicable rules and regulations, and performance of work. In accordance with OMB Circular A-133 Compliance Supplement Section 3.M, Agnes Scott is required to monitor all subrecipients expending $500,000 or more in federal awards during the subrecipient’s fiscal year where pass-through federal funds provided by Agnes Scott were expended.

These guidelines and procedures are provided to assist faculty and staff in ensuring that subrecipients conduct their portions of research projects in compliance with laws, regulations and terms and conditions of awards and subawards and that project costs incurred by subrecipients are reasonable, allocable and allowable.

Definitions
Pass-Through Entity: A non-federal entity that provides a federal award to a subrecipient to carry out a federal program.

Primary Institution: A non-federal entity that receives federal funds from a sponsor to carry out a federal program.

Principal Investigator: The individual judged by the applicant organization to have the appropriate level of authority and responsibility to direct the project or program supported by the grant.

Subrecipient’s Statement of Work: A definition of the services to be delivered and/or the outcomes to be achieved by the subrecipient.

Subaward: An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services.

Subrecipient: 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.

Responsibilities
Principal Investigators (PI): PIs have primary responsibility for monitoring subrecipients to ensure compliance with federal regulations and both prime and subrecipient award terms and conditions. The federal government places the primary responsibility for management of federally funded projects with the PI. This includes: 

141 E. College Ave., Decatur, GA 30030-3797 Phone: 404 471-6950 Fax: 404 471-6954 osp@agnesscott.edu
• Monitoring subrecipient’s technical and programmatic activities related to the subaward.
• Performing site visits as necessary to observe program operations and to review financial records.
• Reviewing technical/performance reports as required.
• Verifying the subrecipient work is conducted in a timely manner and that the results delivered are consistent with the proposed statement of work.
• Reviewing and approving subrecipient invoices. This includes reviewing expenditures to ensure the charges are allowable, allocable, reasonable, and that the charges are within the period of performance.
• Maintaining regular contact with the subrecipient.
• Offering technical assistance to the subrecipient as needed to help ensure compliance as well as successful programmatic performance.

Office of Sponsored Programs (OSP): OSP is responsible for the oversight of subrecipient monitoring and ensuring that the college’s subrecipient monitoring procedures are compliant with federal and other applicable regulations. These responsibilities include:
• Identifying to the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements, including any appropriate flow-down provisions from the prime agreement.
• Determining whether or not the subrecipient or its PIs are debarred or suspended from receiving federal funds, prior to issuing a subaward agreement and at least annually thereafter.
• Reviewing invoices from subrecipients to ensure invoices are within the parameters of the subaward budget, and questioning expenditures if necessary.
• Ensuring that invoices are approved by the PI or his/her designee and submitted to the Office of Accounting in a timely manner.
• Requesting clarification and/or documentation from the subrecipient if there are any unusual or excessive charges invoiced by the subrecipient.
• Maintaining copies of all invoices that provide evidence of the regular review of invoices by the PI. “Evidence” can be in the form of authorized signature by the PI or his/her designee, PI’s initials, e-mail communications, or notes of meeting between the PI with the OSP administrator.
• Maintaining documentation of monitoring efforts (copies of e-mail, phone log, etc.).
• Requesting A-133 compliance status and documentation at least annually from all subrecipients whose subawards are subject to mandatory monitoring.1 If the subrecipient has not yet completed its A-133 audit for the fiscal year in question, the OSP will continue to follow up with the subrecipient until the audit has been performed and will impose appropriate sanctions, including but not limited to withholding payment and issuance of new or renewed subwards, until the subrecipient’s audit requirements have been met.
• Reviewing the subrecipient's A133 documentation and certification letters to verify that there were no audit findings related to federal funds provided by Agnes Scott College. If no findings are indicated, the OSP director will initial, date, and note that no follow-up action is required. OSP will inquire further into those that are deemed to require closer scrutiny and take appropriate action.

The above list is not exhaustive of all compliance requirements. In addition to the general elements of compliance noted above, there may be additional sponsor- or program-specific requirements that mandate collecting and documenting other assurances (e.g. on lab animals, human subjects, biohazards, etc.) during the course of a project. OSP will work with PIs and sponsored programs administrators at subrecipient organizations to establish channels of communication that facilitate compliance with A133 subrecipient monitoring requirements.

1 As noted above, this includes all subrecipients expending more than $500,000 in federal funds.
OSP staff may review all active subcontracts for which monitoring is mandated and may inquire further into those that are deemed to require closer scrutiny in light of considerations such as:

- Size of the subrecipient award. Other factors being equal, large awards (for example, with annual budgets >$500K) may receive more substantial and/or more frequent review and monitoring; mid-sized awards (annual budget $100K-$500K) may receive proportionately less substantial and less frequent monitoring; smaller awards (<$100K) may receive general review with the least frequent oversight.
- Award size relative to the subrecipient's sponsored research portfolio.
- Percentage passed through: the larger the percentage of program award passed through, the greater the need for subrecipient monitoring.
- Award complexity, sensitivity of the work and/or extensiveness of the governing regulations.
- Prior experience with the subrecipient, e.g. a new subrecipient, an inexperienced subrecipient, a history of non-compliance, having new personnel, or having new or substantially changed systems.
- Degree of external oversight by auditors or sponsoring agencies.
- Sophistication and experience of the subrecipient's systems, administrative operations and staff.

Upon identification of subrecipients that mandate closer scrutiny, based on the above review criteria, OSP staff will take appropriate monitoring actions to ensure compliance with subaward performance, financial terms and conditions, and with all applicable federal rules and regulations.

**Guiding Regulations**

The requirements for subrecipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB Circular A-133 (§.225, §.310(d)(5), §.400(d)), A-102 Common Rule (§.37 and §.40(a)), and OMB Circular A-110 (2 CFR section 215.51(a)), program legislation, Section 1512(h) of ARRA, 2 CFR section 176.50(c), Federal awarding agency regulations, and the terms and conditions of the award.

This policy has been informed by similar policies at Cornell University, Georgia Institute of Technology, MD Anderson Cancer Center, San Francisco State University, and the University of Alaska Fairbanks.