



Subrecipient Monitoring Policy

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PURPOSE OF POLICY

The OMB Uniform Guidance, 2 CFR Part 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS section 200.331 requires prime recipients of federal funds to monitor subawards to ensure subrecipients meet the audit requirements and use funds in accordance with applicable laws, regulations and terms of the award.

SCOPE OF POLICY

This policy applies to all subawards issued by University of Massachusetts Boston (UMB) under both federal and non-federal sponsored prime awards made to UMB. This policy does not apply to professional services and consultant agreements or the procurement of goods or services from contractors.

POLICY STATEMENT

UMB is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of sponsored funds. This policy addresses institutional responsibilities and assists Principal Investigators and staff in ensuring that, in addition to achieving performance goals, subrecipients comply with federal laws and regulations and with the provisions of any agreements that govern the subaward.

As a recipient of more than \$750,000 in federal funds per fiscal year, UMB must ensure that its subrecipients comply with the [Uniform Guidance](#). UMB's responsibilities include:

- Evaluating subrecipient risk to determine the appropriate level of monitoring
- Ensuring that federal funds are used for authorized purposes in accordance with federal statutes, regulations, and the terms and conditions of the subaward
- Reviewing financial and programmatic reports to ensure proper stewardship of sponsor funds
- Conducting on-going review of activities and overseeing subrecipient progress to ensure that performance goals (scope of work or specific aims) are achieved
- Verifying that the subrecipient is audited as required by audit requirements in Uniform Guidance
- Issuing management decisions on audit findings related directly to UMB prime awards, after receipt of the subrecipient's audit report, and ensuring that subrecipients take appropriate and timely corrective action

UMB takes a risk-based approach to subrecipient monitoring, focusing monitoring efforts more frequently on those subrecipients who are deemed to pose a greater risk for potential non-compliance. Subrecipient monitoring responsibilities are shared among the following:

Principal Investigators (PIs) and Department Administrators (DAs) responsibilities:

- PIs should communicate regularly with subrecipient PIs and review progress/programmatic reports or other specified deliverables on a timely basis to ensure that the subaward funds are being used for authorized purposes and that performance goals are being achieved. Any issues should be investigated, documented, and resolved by the PI.
- PIs and/or DAs should monitor receipt of progress/programmatic reports or other deliverables for timeliness.
- The subrecipient's invoices are generally required to show both current period and cumulative expenses. PIs and/or DAs are responsible for reviewing and documenting the review of financial reports and invoices received from the subrecipient. The [Subrecipient Invoice Checklist](#) should be used as a guide for reviewing subrecipient invoices.
- PIs and/or DAs should request that the subrecipient provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. PIs and/or DAs may request detailed justification to verify that the costs are allowable.
- PIs and/or DAs are responsible for reviewing and signing invoices received from the subrecipient to ensure that they are in compliance with federal statutes, regulations, and the terms and conditions of the subaward.
- PIs and/or DAs are responsible for verifying that the subrecipient's indirect costs as charged are in compliance with the indirect cost rate specified in the subaward.
- PIs and/or DAs should communicate with *Office of Research and Sponsored Programs (ORSP)* regarding any change in expectations of performance of work, payment terms, change in key personnel, reporting requirements, budgeting, deliverables, etc.

Office of Research and Sponsored Programs (ORSP) responsibilities:

- During the proposal phase or as prospective subrecipients are identified, a case-by-case determination is made as to whether each agreement casts the party receiving the funds in the role of a subrecipient or a contractor. (See [Subrecipient vs Contractor Classification Guidance Document](#) .
- Prior to issuing a subaward, ORSP will perform a risk assessment of the subrecipient and identify any additional monitoring requirements and/or special terms and conditions that may be necessary to monitor the subrecipient appropriately. The [Subrecipient Risk Analysis Checklist](#) is a tool designed for ORSP to assist in assessing a subrecipient's risk.
- Verify that the subrecipient and the PI of the subrecipient have not been debarred or suspended from receiving federal funds. This check is done prior to issuing the initial subaward and for any subsequent amendment.
- For subrecipients deemed to require closer monitoring, UMB may impose additional award conditions as needed.
- ORSP will verify that subrecipients, if applicable, are audited as required by the Audit Requirements in the Uniform Guidance and will review the subrecipients' audit reports to assess audit findings, if any.
- ORSP will issue a management decision for audit findings that relate to awards UMB makes to subrecipients and must do so within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC).
- ORSP is responsible for following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies provided to the subrecipient directly related to UMB's prime awards detected through audits, on-site reviews, and other means.

- For subrecipients not subject to Audit Requirements of the Uniform Guidance, audited financial statements and the [Audit Certification and Financial Status Questionnaire](#) (FSQ) are requested.
- *ORSP* is responsible for developing and maintaining subrecipient monitoring tools for the use of the UMB Research community.
- *ORSP* will provide training and guidance in interpreting regulations and subrecipient award terms and conditions.

DEFINITIONS

Contract – a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor.

Contractor – an entity that receives a contract as defined in Contract (see definition above).

Corrective Action – action taken by the auditee that: (a) corrects identified deficiencies; (b) produces recommended improvements; or (c) demonstrates that audit findings are either invalid or do not warrant auditee action.

Federal Audit Clearinghouse (FAC) – the website designated by OMB as the repository of record where non-federal entities are required to transmit the reporting packages as required by OMB Uniform Guidance (UG) Subpart F—Audit Requirements.

Non-federal entity – non-federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Pass-through entity – a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

Prime Recipient – a non-federal entity that receives an award directly from a federal awarding agency to carry out an activity under a federal program.

Subaward – an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. A subaward does not include payments to a contractor or payments to an individual who is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient – a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program. A subrecipient may also be a recipient of other awards directly from a federal awarding agency.

Subrecipient Monitoring – Activities undertaken to review the financial status and management controls of (a) subrecipient(s) to mitigate the risk of contracting with (a) subrecipient(s).

RELATED LINKS AND INFORMATION

[Audit Certification and Financial Status Questionnaire](#) (FSQ)

[Federal Audit Clearinghouse](#)

OMB Uniform Guidance (UG): [2 CFR Part 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)

[Subrecipient Invoice Checklist](#)

[Subrecipient Risk Analysis Checklist](#)

[Subrecipient vs. Contractor Classification Guidance Document](#)

REVIEW CYCLE

Fiscal Year