

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 2 CFR Part 200 (Uniform Guidance). These 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 (2 CFR Part 200 or Uniform Guidance)

Uniform Guidance (UG) means those federal regulations that set forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards. https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

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

Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients. See also §200.69 Non-Federal entity.

Subrecipient 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. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Contractor means a dealer, distributor, merchant, or other seller providing goods, property, 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 Contractors. See Subrecipient vs. Contractor Classification Checklist at: <http://research.ku.edu/sites/research.ku.edu/files/docs/Subrecipient-Contractor-Checklist-2-24-16.pdf>

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 Contractor relationship in accordance with Uniform Guidance definitions. See Subrecipient vs. Contractor Classification Checklist at: <http://research.ku.edu/sites/research.ku.edu/files/docs/Subrecipient-Contractor-Checklist-2-24-16.pdf> Determine frequency and scope for monitoring programmatic activities of a Subrecipient.
- Review technical reports and ensure Subrecipient work is being satisfactorily performed on a timely basis.
- Ensure Subrecipient expenditures are appropriate and 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”

Departmental/Research Center and Shared Service Center (SSC) personnel

- Ensure all departmental, research center and SSC 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 executing these policies & procedures.
- Maintain a system to identify Subrecipients for monitoring.
- Ensure that Subrecipients expending \$750,000 or more in Federal awards during a fiscal year meet the audit requirements of 2 CRF 200 or Uniform Guidance.

Pre-Award Services

- Using the Subrecipient vs. Contractor Classification Checklist, work with PI and departmental administrators to verify the proper determination of a Subrecipient or Contractor relationship and include accurate classification on proposal budget
- Gather appropriate identifying and compliance information for the potential Subrecipient using the appropriate Subrecipient Intent Form, and ensure this form is completed and signed by the authorized institutional representative. See http://research.ku.edu/sites/research.ku.edu/files/docs/Subrecipient_Intent%20Form_KU_CR_04-1-16.pdf and http://research.ku.edu/sites/research.ku.edu/files/docs/Subrecipient_Intent%20Form_KU_04-1-16.pdf
- Collect detailed budget and justification from the Subrecipient that corresponds with the information provided on the Subrecipient Intent form and complies with sponsoring agency guidelines.
- Ensure Subrecipient is registered with the U.S. Government System for Award Management (SAM).
- Verify Subrecipient is not debarred or suspended by checking Visual Compliance.
- Make sure the Scope of Work contains a detailed description of the work to be performed by the Subrecipient, provides an anticipated timeline, as well as potential deliverables or expected outcomes, and complies with sponsoring agency guidelines.

Contract Negotiations

- Ensure appropriate flow down requirements, including appropriate audit requirements, are included in the Subrecipient agreement.
- Complete Subrecipient Risk Assessment Matrix - to determine the level of potential risk.

- Send risk assessments meeting certain levels of potential risk to Associate Director for Post Award for determination of appropriate Subrecipient monitoring plan and possible specific audit language to include in the Subrecipient agreement.
- Check to confirm the Subrecipient is registered in the SAM if required by the prime award.
- Ensure Subrecipient reports executive compensation as described by law or otherwise certifies its exemption from such reporting requirements.
- Ensure Subrecipient agreement includes detailed scope of work and timeline for submission of technical and financial reports within time constraints of prime award.
- Ensure that informational elements of prime award required by Uniform Guidance 2 CFR 200.331 are included in the Subrecipient agreement.

Post-Award Services

- Assure PI or designated individual has appropriately certified and approved Subrecipient expenditures.
- 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, 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 Single 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, contact by email each Subrecipient to verify compliance with federal guidelines.
- When a Subrecipient has an audit finding, the PAS Associate Director will review the findings and evaluate the Subrecipient corrective action plans to determine the potential impact on KUCR. PAS, Research Administration, and Fiscal Affairs 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, Research Center and SSC personnel and PI the Subrecipient risk analysis and finding to ensure close oversight with requirements.

Foreign Subrecipients Even though Single Audits do not apply to foreign Subrecipients, Post-Award Services will submit an electronic letter to each foreign Subrecipient requesting documentation and certification that applicable compliance requirements are in place sufficient to comply with federal regulations.

Fiscal Affairs

- Verify Subrecipient is not debarred or suspended by checking Visual Compliance.
- Ensure funds are available on budget prior to encumbering subaward.
- Track invoices received and paid on each subaward to ensure compliance with Prompt Payment Act of Kansas and Uniform Guidance requirements.
- Ensure appropriate documentation is submitted per Subrecipient Plan assigned.
- Process payments upon final approval by PI and Post Award Services.