

**University of Maryland Baltimore County
Office of Sponsored Programs**

Subrecipient Monitoring Procedures

July, 2018

I. SCOPE

This document outlines the University's responsibilities for monitoring the programmatic and financial activities of its subcontractors/subawardees ("subrecipients") to ensure satisfactory program performance and proper stewardship of sponsor funds.

II. STATEMENT

Procedures included in this document address the institutional responsibilities and assists Principal Investigators (Project/Program Directors) and department business personnel to ensure that subrecipients comply with applicable Federal laws and regulations and with the provisions of any sponsored award that govern the subaward agreement.

III. DEFINITIONS

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Prime Recipient - The direct recipient of a sponsored award to support sponsored research, projects, or programs.

Pass-Through Entity - (200.74) means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

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. Subrecipients are responsible for performing a substantive portion of the project and for programmatic decision making.

Subaward/Subcontract/Subgrant - An enforceable agreement derived from a sponsored award, between the prime recipient or pass-through entity and a subrecipient for the performance of a substantive portion of the sponsored research/project. This does not include the procurement of goods or services from a vendor/contractor (see definition of "vendor/contractor" below)

Vendor/Contractor - An organization or individual that provides goods and services within their normal business operations. Vendors/contractors provide similar goods or services to many different purchasers; operate in a competitive environment; and provide goods and services that are ancillary to the operation of the Federal program.

IV. PUBLIC POLICY & UMBC PROCEDURES

2 CFR Part 200 (sections .330 - .332) requires pass-through entities of federal funds to monitor subaward/subcontracts and to ensure that subrecipients meet the audit requirements outlined in Subpart F of that document, and use awarded funds in accordance with applicable laws, regulations, and terms of the award. These Subrecipient Monitoring procedures applies to all subawards/subcontracts issued under sponsored programs awarded to the University of Maryland Baltimore County, without regard to the primary source of funding.

Basic Principles

Audits:

As a non-profit prime recipient who spends more than \$750,000 in federal funds, the University of Maryland Baltimore County (UMBC) is required to ensure that its subrecipients comply with the audit requirements of 2 CFR Part 200-Subpart F. UMBC's responsibilities include:

- Informing the subrecipient of all applicable federal laws and regulations and all appropriate flow-down provisions from the prime award;
- Reviewing the subrecipient's audit results via the Federal Audit Clearinghouse (<https://harvester.census.gov/facdissem/Main.aspx>);
- Reviewing any correction actions cited by subrecipients in response to their audit findings, where the audit findings are related to UMBC's awards to the subrecipients; and,
- Issuing a management decision on subrecipient's audit findings within three (3) months after receipt of the audit results and ensuring the subrecipient takes appropriate and timely corrective action.

General:

UMBC Subrecipient Monitoring responsibilities are shared among the following groups:

Principal Investigators (PIs) have the primary responsibility for monitoring subrecipients' progress, including subrecipient technical progress reports, and ensuring Subrecipients abide by Federal regulations, and meet programmatic objectives outlined in the prime award terms and conditions

Department Business Administrators (DBA's) are responsible for assisting PI's in their monitoring responsibilities, reviewing subrecipient invoices, identifying and following up on questionable expenditures, if necessary, and maintaining documentation of PI/Department monitoring efforts

Central Office Administrators: Office of Sponsored Programs (OSP), and the Office of Contract & Grant Accounting (OCGA) are responsible for ensuring that the University's subrecipient monitoring policies and procedures comply with federal and other applicable regulations and that those procedures are applied consistently. OSP and OCGA are responsible for conducting subrecipient risk assessments, assisting in developing monitoring plans, and reviewing results of subrecipient audit findings, corrective action plans, and other issues brought to their attention. These offices may provide further training and guidance in interpreting regulations and subrecipient award terms and conditions.

Procedures

The **Principal Investigators (PI) and Department Business Administrators (DBA)** should use the following subrecipient monitoring procedures:

Proposal Stage - When collaboration with an outside organization is under consideration during proposal development, the PI and DBA should:

- review the role of that collaborator in accordance with the “UMBC Subaward vs. Vendor Checklist” available at:
<http://research.umbc.edu/forms-for-grants-contracts/>
- Obtain a budget, budget justification, and detailed statement of work from the collaborator, and review each document in accordance with the project.
- Provide OSP with a completed and signed by Authorized Official “Subrecipient Commitment Form” from all proposed Subrecipient organizations prior to proposal submission.

Subaward Management - During this phase, the PI and DBA are responsible for:

- Submitting a “New Subaward Request Form” to OSP in order to initiate a new Subaward Agreement.
- Verifying that technical progress reports are being received and that work performed by Subrecipient is acceptable and conducted in a timely manner.
- Maintaining regular contact with the Subrecipient regarding technical aspects of the project.
- Performing site visits as necessary to review programmatic records and activities.
- Reviewing all invoices using the “Invoice Checklist” with a focus on errors, unallowable expenses, a discrepancy between work reported and the amount charged, and documenting all findings.
- Immediately informing OSP when there is a suspicion of subrecipient's deficiency in performing, reporting, or charging the project.
- Submitting a “Subaward Modification Form” with supporting documentation to OSP to initiate any action on active Subaward Agreements.

Subaward Closeout - At the conclusion of the Subaward Agreement, the PI and DBA are responsible for:

- Ensuring the final technical report is received, and all project objectives/goals have been met to satisfy prime award program requirements.
- All invoices, including Final Invoice, have been approved and paid.
- When requested, within five (5) business days complete and return to OSP “Subaward PI Closeout Authorization Form.”

The **Office of Sponsored Programs (OSP)** should use the following subrecipient monitoring procedures:

Proposal Stage - When the collaboration with an outside organization is included in a proposal to an external sponsor, OSP should:

- Review the statement of work to confirm the nature of the relationship as that of a Subaward; assess if the document is detailed enough to ensure accountability of the subrecipient.

- Ensure that all required materials are received from Subaward and that they comply with sponsoring agency proposal requirements.
- Perform initial Sub-recipient risk assessment using “UMBC Sub-recipient Risk Assessment Worksheet.”

Subaward Management - Prior to Issuing a new Subaward Agreement, OSP should:

- Retrieve a current audit report from Federal Audit Clearinghouse (FAC) and, based on available information, conduct Subaward Risk Assessment (SRA) evaluation. When necessary, evaluation should be performed in conjunction with individuals from OSP, department, OCGA, Compliance, and/or UMBC Management Advisory Services (MAS). SRA will assign one of the subrecipient risk levels - Low, Medium, or High. In the situation where defining the risk level and assigning risk mitigation tools is especially difficult the UMBC Subrecipient Monitoring Assessment Committee (SMAC), made up of representatives from OSP, OCGA, and MAS should meet to make the final determination. Because each situation is unique, depending on the risk assessment outcome, UMBC can use one or more of the available tools from below groups:
 - Financial – such as invoicing frequency, additional documentation supporting high-risk expenditures (travel, equipment, participant support costs), funding increments frequency, type of the sub-agreement (fixed price or cost reimbursable), no automatic carryover, etc.
 - Compliance – such as additional approval verification by UMBC IACUC or IRB committee
 - Technical – such as more frequent and/or stricter reporting requirements, technical reports accompanying each invoice, written format, etc.
 - Effort – such as certified by the subrecipient effort reports.
- Verify that Subaward organization and Subaward PI are not debarred or suspended from receiving Federal funds.
- (When applicable) Verify that Subaward IRB, and IACUC protocols are in place.
- (When applicable) Verify Subaward cost share commitment is documented and certified by Subaward organization.
- (When applicable) obtain a Small Business Subcontracting Plan from the subrecipient organization, verify the subrecipient size certification, and work with UMBC Procurement to ensure that reporting requirements are met.
- Inform Subrecipient of CFDA#, DUNS, Federal Award ID Number (FAIN), the total amount of parent award and award date, federal awarding agency name, award R&A determination (*in accordance with 2 CFR 200*), and the assigned risk level, when Medium or High, with a short justification why such determination was made.
- Incorporate all applicable federal, sponsor, and University terms and conditions into Subaward Agreement.
- Complete all applicable FFATA subrecipient reporting to www.fsrs.gov within (30) days from obtaining a fully executed copy of the agreement or modification.
- Review Subrecipient organization annually by obtaining a signed “Annual Subaward Certification Letter”, most current audit report, and running SAM and FAPIIS reports.
- In the event that any concerns regarding financial or technical reporting, invoicing or Subawardee’s certification arise during the life of the Subaward OSP in coordination with the appropriate department and/or, OCGA, MAS, SMAC will evaluate the significance of the problem and prepare the action plan to mitigate

the risk. Possible actions may include usage of additional tools, re-evaluation of the Scope of Work and accompanying funding, in extreme circumstances earlier termination of the agreement.

Subaward Closeout - After the Subaward has concluded, OSP should within 60 days (unless a shorter period is required per subaward terms and conditions):

- Obtain signed “Subaward PI Closeout Authorization Form” from UMBC’s PI and verify if all final technical progress reports and project deliverables have been received.
- Obtain signed “Subaward Release Form” and collect all required closeout materials from Subrecipient including, but not limited to: final invoice, final property/equipment inventory report, and final invention disclosure according with Prime Sponsor requirements.
- Obtain from Subrecipient a final certification of project effort *[in accordance with 2 CFR 200]*.
- Issue final modification, if applicable, to de-obligate any outstanding balance on the Subaward Agreement.