

FLORIDA	OFFICIAL
POLYTECHNIC	UNIVERSITY
UNIVERSITY	ACADEMIC POLICY

Subject/Title: Recipient/Subrecipient Monitoring
FPU Policy Number: FPU-12.0016AP
<input checked="" type="checkbox"/> New Policy <input type="checkbox"/> Major Revision of Policy <input type="checkbox"/> Minor Technical Revision of Policy
Date First Adopted:
Date Revised:
Responsible Division/Department: Office of Research Services
Initiating Authority: Ghazi Darkazalli, Provost and Executive VP of Academic Affairs

A. APPLICABILITY/ACCOUNTABILITY:

This policy applies to all awards/subawards issued under sponsored research projects regardless of primary source of funding. All University faculty and staff within all departments, units, institutes and centers must comply with this policy. This policy does not apply to consultant agreements or the procurement of goods or services from contractors.

B. POLICY STATEMENT:

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance"), specifically sections §200.330 and §200.331, requires prime recipients of federal funds to monitor Subawards and to ensure Subrecipients meet the audit requirements in Subpart F and use funds in accordance with applicable laws, regulations and terms of the award.

The University is obligated in its role as primary recipient or grantor to undertake certain stewardship activities as well as comply with federal, state and local regulations. When the University assigns responsibility for conducting work sponsored by an award to a Subrecipient, the University remains responsible for managing funds and meeting performance goals. Thus, the monitoring of technical and financial activities associated with a Subrecipient is an integral part of the University stewardship of sponsor funds.

This policy addresses institutional responsibilities and assists Principal Investigators and staff to ensure 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.

C. DEFINITIONS:

1. **"Pass-through Entity"** means a non-federal entity that provides a Subaward to a Subrecipient to carry out part of a federal program. (Uniform Guidance §200.74)
2. **"Principal Investigator" (PI)** means the person responsible for performance of the activities specified in the grant or contract. Usually this person is named in the grant or contract agreement.
3. **"Subaward" (subcontract or subgrant)** means 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. It does not include payments to contractors, or 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. (Uniform Guidance §200.92)
4. **"Subrecipient"** means a non-federal entity that receives a Subaward from a pass-through entity to carry out a 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. (Uniform Guidance §200.93) For purposes of this policy, a Subrecipient is a Recipient of funding issued by the University, regardless of the original source of funding, to carry out and conduct sponsored research.

D. DETERMINATION OF SUBRECIPIENT VS CONTRACTOR

1. **Distinction Between Subrecipient and Contractor.** Contracts and grants awarded to Florida Polytechnic for PIs to conduct sponsored research may include components of work to be performed by collaborating investigators at separate institutions or organizations. The University must make a case-by-case determination whether each agreement it makes for the disbursement of federal or non-federal program funds casts the party receiving the funds in the role of a Subrecipient or a contractor. The following descriptions are to provide guidance and distinguish the general characteristics of each federal classification:
 - a. **Subrecipient:** *A subaward is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the subrecipient. Performance should be measured in relation to whether objectives of a federal program were met. The subrecipient should have responsibility for programmatic decision making and adherence to applicable federal program requirements specified in the federal award. In summary, the subrecipient is using federal funds to carry out a program for a public purpose as opposed to providing goods or services for the benefit of the pass-through entity.*
 - b. **Contractor:** *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 or consultant. The contractor is providing goods and services within normal business operations and provides similar goods and services to many different purchasers. Contractors normally operate in a competitive environment and are not subject to compliance requirements of the federal program as a result of the agreement.*
2. **Designation of Subrecipient or Contractor.** While the PI is responsible for determining whether a Subrecipient, consultant or contractor is necessary for the performance of a project, the designation of Subrecipient, consultant or contractor and the appropriate type of financial instrument is determined by the grantor and the Contracts & Grants Manager.

E. SUBRECIPIENT SELECTION AND PRE-QUALIFICATION

1. **Subrecipient Qualification Assessment and Selection.** The PI should select a Subrecipient based on his/her assessment of the Subrecipient's ability to perform the work successfully. This should include an analysis of the Subrecipient's past performance and technical capability as well as an assessment of the proposed costs for the work to be done.
2. **Preparing a Proposal with Subrecipient Component.** A PI who plans to include another investigator from a separate institution to undertake responsibility for a substantive portion of the programmatic effort described in a proposal must provide a number of documents from the proposed Subrecipient institution prior to proposal submission. At a minimum, the PI must obtain the following documents:
 - a. Subrecipient Profile Questionnaire (form attached) completed by Subrecipient organization;
 - b. Letter of Intent ("LOI") as evidence to participate in the project and abide by all associated terms and conditions;
 - c. Scope of Work ("SOW") which details the components of work to be performed by the Subrecipient;
 - d. Detailed budget and budget justification; and
 - e. Subrecipient organization's federal Indirect Cost Rate (IDC) Agreement (as applicable).

F. SUBRECIPIENT RISK ASSESSMENT

1. **Subrecipient Risk Evaluation Requirements.** The University must evaluate each Subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the Subaward. Such factors to consider in making the evaluation may include:
 - a. The Subrecipient's prior experience with the same or similar Subawards;
 - b. The results of previous audits including whether or not the Subrecipient receives a Single Audit;
 - c. Whether the Subrecipient has new personnel or new or substantially changed systems; and
 - d. The extent and results of federal awarding agency monitoring.

2. **Assessment of Risk Level.** The University will assess the Subrecipient organization's financial status and internal controls before issuing a Subaward by evaluating the Subrecipient Profile Questionnaire and any additional supporting documentation. Based on the results of this assessment, the University will determine the appropriate monitoring strategy consistent with the level of risk determined by the University.
3. **University Roles and Responsibilities.**
 - a. The Office of Finance and Budget has the following responsibilities:
 - i. Review the Subrecipient audit reports and assess the implications of any audit findings.
 - ii. Determine the level of risk associated with the proposed Subrecipient as follows:
 - (1). **Low Risk:** the Subrecipient is another educational institution that demonstrates audit reports that are consistently good and with no potential audit findings.
 - (2). **Medium Risk:** the Subrecipient may have previous audit findings or has failed to submit timely programmatic reports.
 - (3). **High Risk:** Subrecipient found to have a lack of documented internal controls, no previous experience with the University, is a foreign institution, has no audited financial reports and/or is to be responsible for more than 75% of the project award.
 - b. The Office of Research Services ("ORS") has the following responsibilities:
 - i. Review the completed Subrecipient Profile Questionnaire, Scope of Work and detailed budget and budget justification to ensure the proposed Subaward meets the project requirements in order to conduct the research project and to ensure the submitted budget is allowable, allocable, reasonable and appropriate for the work to be performed.
 - ii. Verify the Subrecipient is not suspended or debarred by checking the Excluded Parties List website at: <http://www.epls.gov/>.
 - iii. Verify the Subrecipient is not on the Specially Designated Nationals List (SDN) at: <http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml>.
 - iv. Identify any export control issues or concerns.
 - v. Inform the PI in the event Subrecipient approval is denied or if the result of the risk level assessment associated with the Subrecipient is high.
2. **Subrecipient Monitoring Strategy.** If the risk analysis results in a high level of financial risk, ORS will consult with the Office of Finance and Budget and ORS will develop a proposed risk mitigation strategy that may include special terms and conditions in the Subaward agreement or other forms of robust monitoring procedures in accordance with federal guidelines. In rare circumstances, the University may determine that the risk of entering into a Subaward with the proposed entity is excessive and not move forward with executing the Subaward agreement.

G. SUBRECIPIENT MONITORING

1. **Subrecipient Monitoring Requirements.** As a Pass-through entity, the University must monitor the Subrecipient to ensure that the Subaward is used for authorized purposes, is in compliance with federal statutes and regulations and achieves performance goals. In accordance with OMB Uniform Guidance, the University's Subrecipient monitoring activities must include:
 - a. Reviewing financial and programmatic reports as required by the Subaward;
 - b. Following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award detected through audits, on-site reviews, and other means;
 - c. Issuing a management decision for audit findings pertaining to the federal award as required;
 - d. Verifying that every Subrecipient is audited as required by OMB Uniform Guidance;
 - e. Considering whether the results of the Subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records; and
 - f. Considering taking enforcement action against noncompliant Subrecipients.
2. **Subrecipient Monitoring Tools.** Depending upon the assessment of risk posed by the Subrecipient, the following monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals:
 - a. Providing Subrecipients with training and technical assistance on program-related matters;

- b. Performing on-site reviews of the Subrecipient's program operations; and
 - c. Arranging for agreed-upon-procedures engagements.
3. **Federal Subaward Requirements.** Subaward terms and conditions are based on the prime award to the University and any other requirements to assist the University in its responsibility of proper stewardship of the prime award and monitoring the Subrecipient. For Subawards under a federally funded prime award, the University must ensure that every Subaward is clearly identified to the Subrecipient as a Subaward and includes the information as required by OMB Uniform Guidance.
4. **University Roles and Responsibilities.**
- a. ORS is responsible for the following:
 - i. Submitting all Subaward agreements for review and approval by the Office of the General Counsel to ensure the terms and conditions are consistent with applicable laws and regulations.
 - ii. Obtaining the appropriate authorized signatures and transmitting a copy of the fully executed Subaward agreement to the Subrecipient.
 - iii. Coordinating with the Office of Finance and Budget to ensure applicable payment and billing terms and procedures are deemed acceptable. Payment and billing terms will generally follow the payment and billing terms imposed by the sponsoring agency.
 - iv. With approval of the PI, initiating a purchase requisition with the Subaward agreement attached and made a part of the purchase order to ensure the funds are made available and are properly encumbered in accordance with the agreement.
 - b. The PI is responsible for the following:
 - i. Primarily responsible for ensuring the validity and appropriateness of all activities performed in pursuit of the award goals.
 - ii. Establishing and maintaining channels of communication with Subrecipient.
 - iii. Reviewing all Subrecipient expenditures thoroughly to determine that all work is performed as stated, is consistent with the award terms and federal costing requirements, and is invoiced properly and submitted in a timely manner.
 - iv. Monitoring technical progress to ensure that performance goals are achieved and in order to identify any problems in carrying out the project.
 - v. Contacting ORS, if necessary, to approve and process a no-cost extension or amendment.
 - vi. Contacting ORS in the event changes occur with the prime agency or Subrecipient. If the scope of work changes significantly, ORS will advise whether a new or modified subcontract is needed.
 - c. The Office of Finance and Budget is responsible for the following:
 - i. Processing invoices for payment to Subrecipients upon approval and submission by the PI and ORS.

H. FORMS

- 1. Recipient/Subrecipient Profile Questionnaire (attached)

ACADEMIC POLICY APPROVAL	
Academic Policy No.: FPU-12/0016AP	
_____ Initiating Authority	1/11/2016 Date
_____ Academic Policies Committee Chair	1-11-16 Date
_____ Vice President of Academic Affairs	1/14/2016 Date
_____ President/Designee	1/12/16 Date
Approved by FPU BOT, if required	_____ Date