

Hot Topics: Subrecipient Monitoring

Presented by:
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AGENDA

- Overview of Subrecipient Monitoring under the Uniform Guidance
- Changes with FDP
- Pre-Award Procedures
- Establishment and Risk Assessment in Post Award
- Roles & Responsibilities
- Subaward invoice process
- Case studies

Subrecipient Monitoring & Management

Uniform Guidance – 2 CFR 200.330 (a) Subrecipient & Contractor Determinations

Subrecipients

- Determines who is eligible to receive what Federal assistance
- Has its performance measured against whether the objectives of the federal program were met
- Has responsibility for programmatic decision making
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award
- Uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity



Subrecipient Monitoring & Management

Uniform Guidance – 2 CFR 200.330 (b) Subrecipient & Contractor Determinations

Contractors

- Provides the goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the federal program
- Is not subject to compliance requirements of the federal program

Subrecipient Monitoring & Management

Uniform Guidance – 2 CFR 200.331 (a) Requirements for pass-through entities

Ensure every subaward contains the following information at the time of the subaward

- Subrecipient name (must match entity identifier)
- Subrecipient's entity identifier
- Federal award Identification Number (FAIN)
- Federal Award Date of award to the recipient
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this action by the pass-through entity
- Total Amount of the Federal Award committed to the Subrecipient by the pass-through entity
- Federal award project description, as required to be responsive to the Federal Accountability and Transparency Act (FFATA)
- Name of the Federal awarding agency, pass-through entity and contact information for the awarding official
- CFDA Number
- Identification of whether the award is R&D
- Indirect cost rate for the Federal award– federally recognized IDC rate negotiated between federal government & Subrecipient or a de minimis indirect cost rate as defined in 200.414
- All requirements imposed by the pass-through entity on the Subrecipient so that the Federal award is used in accordance to the Federal statutes, regulations and terms & conditions of the award.
- Any additional requirements that the pass-through entity imposes on the Subrecipient to meet the pass-through entities responsibility to the Federal awarding agency
- A requirement that the Subrecipient permit the pass-through entity and auditors to have access to the Subrecipient's records and financial statements to meet the requirements of the pass-through entity

Subrecipient Monitoring & Management

Uniform Guidance – 2 CFR 200.331 (b) Requirements for pass-through entities

Assessing Risk

- Evaluate each Subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward for purposes of determining the appropriate Subrecipient monitoring
 - Subrecipient's prior experience with the same or similar awards
 - Results of previous audits including if the Subrecipient receives a Single Audit in accordance with Subpart F.
 - Subrecipient receives Federal Awards directly from the Federal Awarding agencies

Subrecipient Monitoring & Management

Uniform Guidance – 2 CFR 200.331 (c-f) Requirements for pass-through entities

- Consider imposing specific subaward conditions upon a Subrecipient
- Monitor the activities of the Subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and terms and conditions of the subaward and the performance goals are achieved.
 - Review of financial & performance reports
- Depending on assessment of risk the following tools may be useful for pass-through entity to ensure proper accountability and compliance
 - Providing Subrecipient with training and technical assistance on program related matters
 - Performing on-site reviews of the Subrecipient' s program operations
 - Arranging for agree-upon-procedures engagements as described in 200.425 Audit Services

Subrecipient Monitoring & Management

Changes with FDP

Federal Demonstration Partnership (FDP)

www.thefdp.org

154 Academic Research Institution and 10 Federal Agencies working together to streamline the administration of federally sponsored research.

Agency representations:

Grant Administrators and Program Officials

Institution representatives:

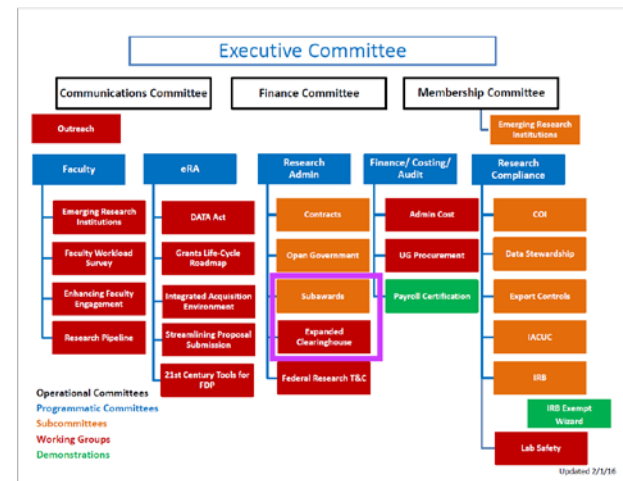
Grant Administrators, Faculty, and Technical Professionals

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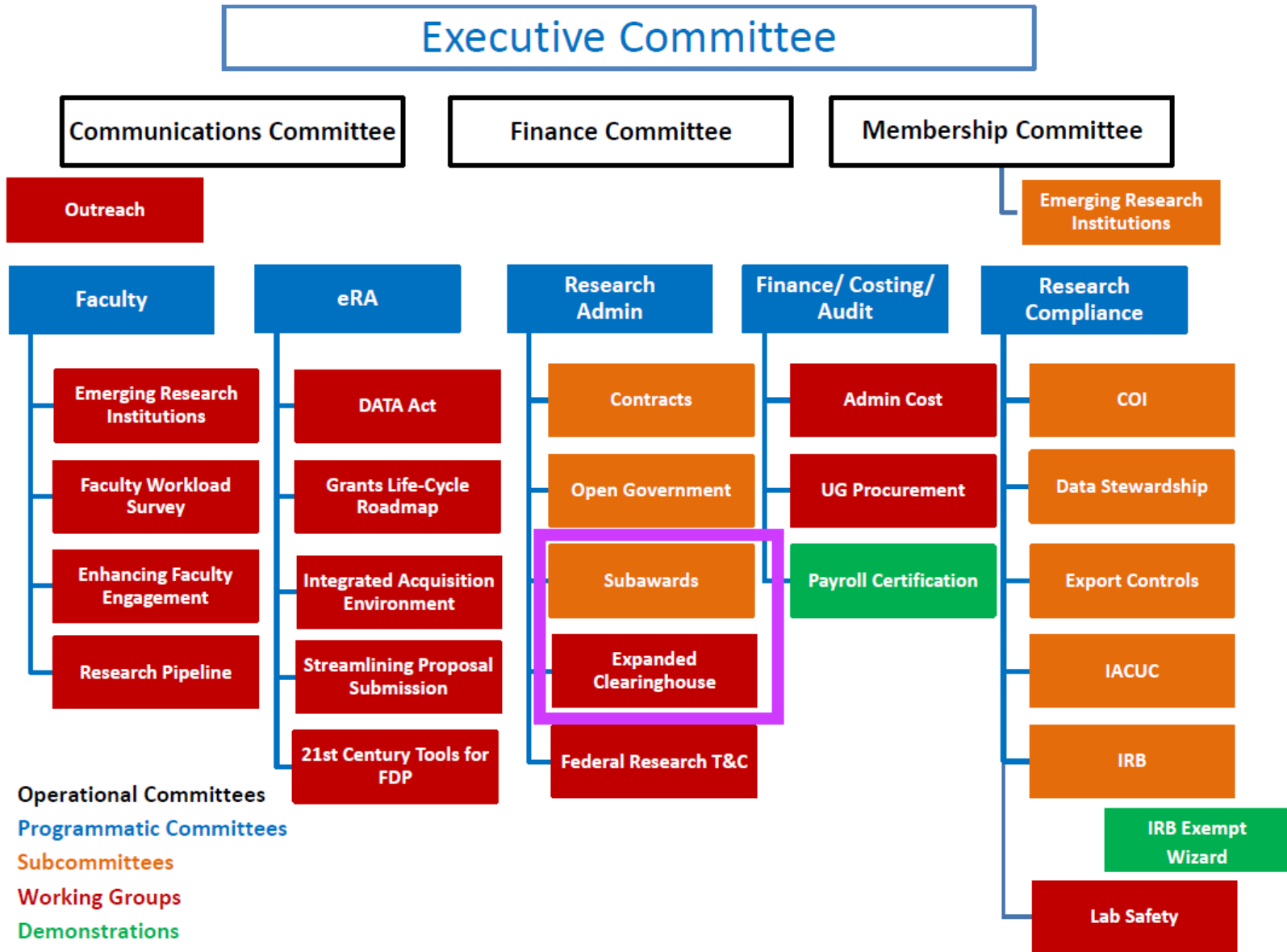
Changes with FDP

Federal Demonstration Partnership (FDP)

- Meet Face-to-Face 3X per year
- “Demonstrate” Better Ways of Doing Business
- New Initiatives all the time!



Subrecipient Monitoring & Management



Subrecipient Monitoring & Management

Changes with FDP

- FDP Clearinghouse Pilot Overview & Background
- Problem requiring a solution
- The beauty of the Clearinghouse concept
- Pilot purpose & overview
- Pilot timeline
- Pilot as it relates to subaward lifecycle

Subrecipient Monitoring & Management

Changes with FDP

Problem Requiring a Solution

- Subrecipient Monitoring Programs include forms, forms and more forms:

- **Entity based** info to perform risk assessment
- **Project based** information to perform non fiscal/audit compliance and risk assessment reviews per project
- **Annual audit updates**
- **Conflict of interest forms**



- Collected at **various times**, sometimes **multiple times**
- Entity Information typically **not maintained centrally**
 - Some have gone electronic, but only allow one person to complete form or other limitations

Subrecipient Monitoring & Management

Changes with FDP

The Beauty of the Clearinghouse Concept

- Online resource to house entity based information
- Entity based forms would no longer be needed
- Institutions enter their information once, and update annually or as needed
- Entity information available at all times / real time
 - Does not hold up proposal, subaward or invoicing
 - Allows for entity risk assessment for new & annual
 - Streamline entity review and assessment process
 - Reduce resource needs at institutions

Subrecipient Monitoring & Management

Changes with FDP

FDP Pilot Purpose & Overview

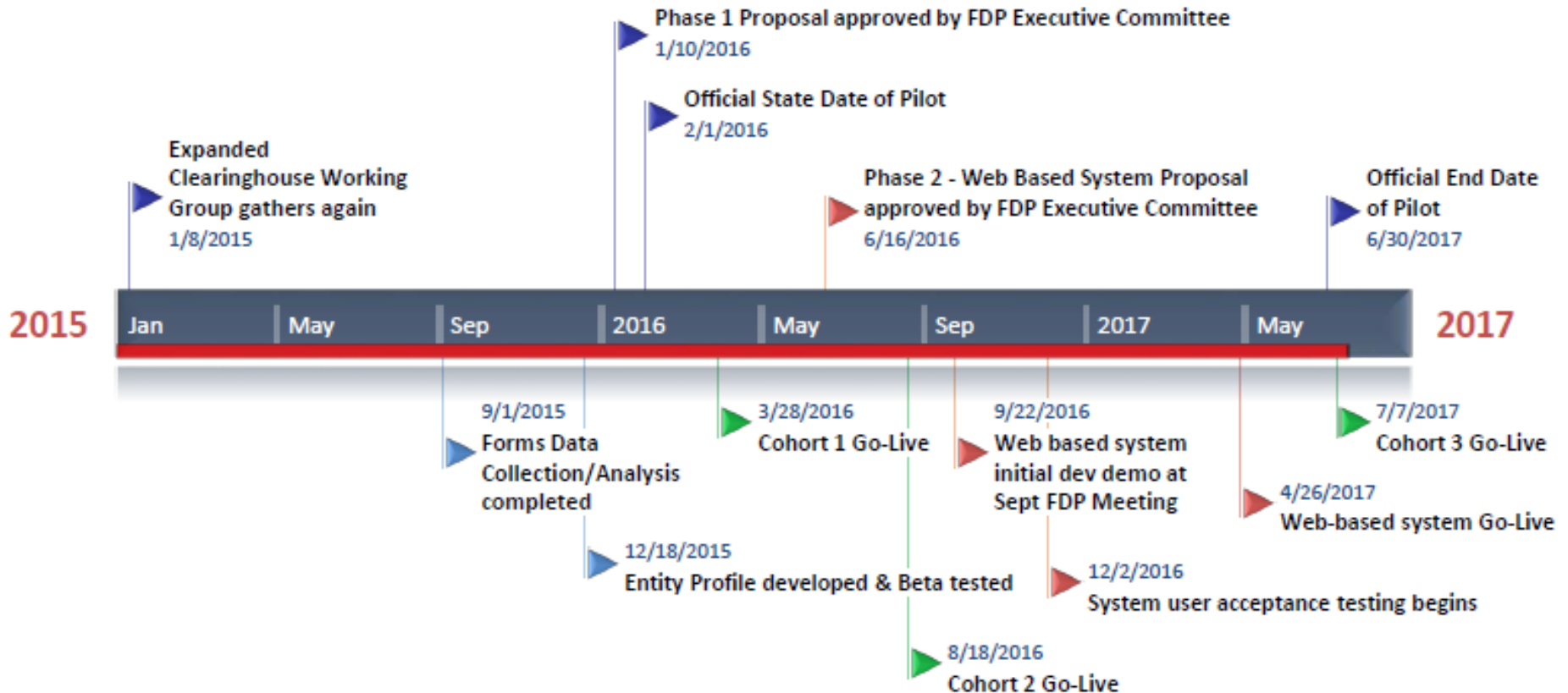
Reduce administrative burden associated with verifying standard information required for subaward issuance and subrecipient entity monitoring

- Eliminate exchange of subrecipient commitment forms on a transaction-by-transaction basis in favor of accessing an on-line, up-to-date standardized, streamlined subrecipient data repository (an “entity profile”)
- Determine whether such an on-line repository:
 - reduces the data collection and review burden for both pass-through entities and subrecipients
 - increases efficiency and effectiveness (timeliness of data acquisition, speed of review, data consistency)

Subrecipient Monitoring & Management

Changes with FDP

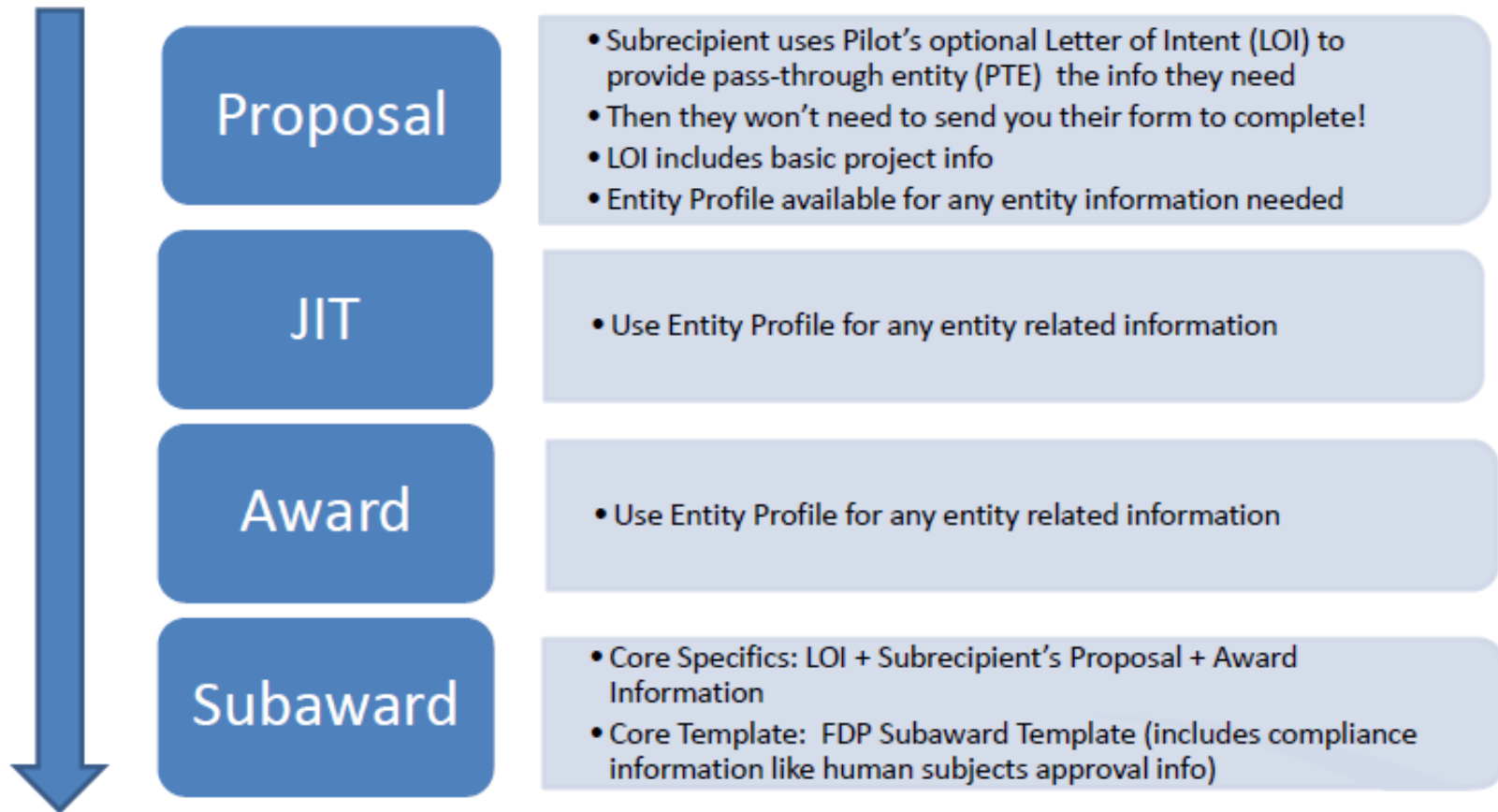
FDP Pilot Timeline



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Changes with FDP

Impact on Subaward Timeline



Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

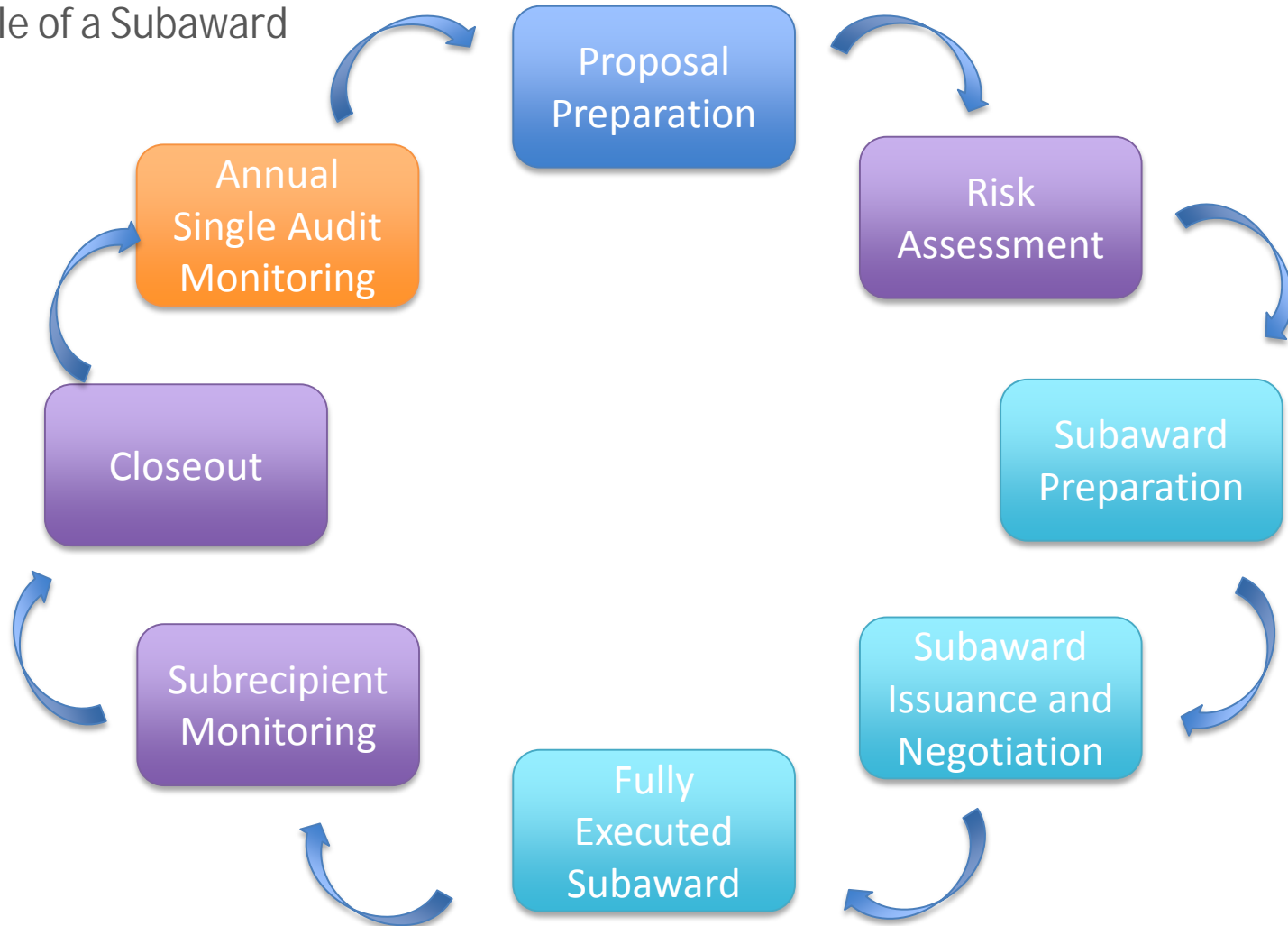
Pre-Award

- Lifecycle of a Subaward
- Pre-Award Procedures:
 - Initial Notice of Subrecipient
 - Determine the Type of Subrecipient
 - Collect Documentation for the Proposal
 - PI Review
 - Budget Preparation and Review
 - Compliance Review
 - Finalize Documentation
- Incoming Subcommitment Forms

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Lifecycle of a Subaward



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Subrecipient Monitoring Guidelines

Pre-Award – Initial Notification of Subaward

Verify the Entity Project Role Determination:

*Is the entity
performing as a
subrecipient or as a
contractor?*

Checklist to Determine Subrecipient or Contractor Classification

OBJECTIVE: Generally, the determination of the relationship with an entity is verified through the institutional review of the proposal narrative, budget justification, and other related proposal documents, as well as through discussions with key personnel prior to proposal submission. When the relationship remains unclear, this form may provide assistance in making an accurate determination.

DEFINITIONS FROM UNIFORM GUIDANCE (2 CFR PART 200):

Subrecipient:

§200.93 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

Contractor:

§200.23 Contractor means an entity that receives a contract as defined in §200.22 Contract.

§200.22 Contract means 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.

INSTRUCTIONS: Complete sections one and two of the checklist by marking all characteristics that apply to the outside entity. The section with the greatest number of marked characteristics indicates the likely type of relationship the entity will have with the University. On occasion there may be exceptions to the type of relationship indicated by the completed checklist. In these situations, the substance of the relationship should be given greater consideration than the form of agreement between the University and the outside entity. Section 3 should be used to provide documentation on the use of judgment in determining the proper relationship classification.

NAME OF OUTSIDE ENTITY: _____

SECTION 1 - SUBRECIPIENT

Description: A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the contractor:

- 1. Determines who is eligible to receive what Federal assistance;
- 2. Has its performance measured in relation to whether objectives of a Federal program were met;
- 3. Has responsibility for programmatic decision making;
- 4. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Entities that include these characteristics are responsible for adherence to applicable Federal program requirements specified in the Federal award.

SECTION 2 - CONTRACTOR

Description: 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. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- 1. Provides the goods and services within normal business operations;
- 2. Provides similar goods or services to many different purchasers;
- 3. Normally operates in a competitive environment;
- 4. Provides goods or services that are ancillary to the operation of the Federal program.

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Initial Notification of Subaward

Obtain all subrecipient(s) contact information:

- *Name of the PI and administrative contacts*
- *The Purdue PI should assist in providing this information.*

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Subrecipient Monitoring Guidelines

Pre-Award – Determine the Type of Subrecipient

- FDP Expanded Clearinghouse Institution – Search the FDP Expanded Clearinghouse to verify if the subrecipient is a participant:
<https://fdpclearinghouse.org/>
- Low Risk Subrecipient – Not a potential high risk entity or an FDP Expanded Clearinghouse Institution
- Potential High Risk Entity - Foreign, Start-Up, No Prior Experience, PI COI

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Subrecipient Monitoring Guidelines

Pre-Award – Collect Documentation

- Initiate collection of the subrecipient documentation as early as possible (they may have their own deadline policies).
- Determine if an entity profile is needed.

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Collect Documentation

- **FDP Expanded Clearinghouse Institution:**
 - Obtain LOI from Subrecipient. Pre-Award uses a template LOI and completes the Pass-Through Entity details prior to sending to the Subrecipient.

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Subrecipient Monitoring Guidelines

Pre-Award – Collect Documentation

- **High or Low Risk Entity:**
 - Check the Subrecipient Risk Analysis Portal for a valid (received within the past 12 months) Subrecipient Entity Profile. If a valid profile is not available, send the form to the Subrecipient to collect the entity profile details.
 - Obtain LOI from Subrecipient. A template LOI is available in the Subrecipient Monitoring Tools & Resources. Pre-Award should complete the Pass-Through Entity details prior to sending to the Subrecipient.
 - The completed LOI should be saved in the Coeus record.

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Collect Documentation

- **High Entity:**

- Flag as Potential High Risk on the Route Sheet and note reasons why in the comments (PRE-AWARD POTENTIAL HIGH RISK IDENTIFIERS = Foreign, Start-Up, No Prior Experience, PI COI)
- Make the PI aware of the potential High Risk status.

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Subrecipient Monitoring Guidelines

Pre-Award

Subrecipient Letter of Intent

Pass Through Entity: SPS Contact:
Principal Investigator: SPS Phone:
Project Start Date: SPS E-mail:
Project End Date: Prime Agency:
Project Title:

Subrecipient Entity:
Principal Investigator: OSP Contact:
PI Phone: OSP Phone:
PI E-mail: OSP E-mail:
Proposal Reference #:
Total Requested: Cost Share Total:

The following documents have been included with this Letter of Intent:

- Statement of Work Detailed Budget Budget Justification
 Other

This proposal includes:

- Human Subjects
 Vertebrate Animals

Performance Site Address: Performance Site Congressional District:

This proposal has been reviewed and approved by the appropriate official of the Subrecipient Entity. The appropriate programmatic and administrative personnel of the subrecipient involved in this grant application are aware of the applicable policies and prepared to establish the necessary agreement consistent with these policies. Any work begun and/or expenses incurred prior to execution of a subaward agreement are at the subrecipient's own risk.

Printed Name/Title:
Phone: E-mail:
Signature of Subrecipient's Authorized Official: Date:

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Collect Documentation

- Pre-Award collects the following documentation:
 - **Includes a deadline** for the subrecipient to provide the information to Purdue.
 - Entity Profile form (if needed) – Sends blank form
 - Letter of Intent (LOI) (with applicable project information completed)
 - Statement of Work (SOW) - The SOW provides sufficient detail of the technical and programmatic work to be accomplished by the Subrecipient. It should not be the overall project SOW.
 - Budget (send blank sponsor form if applicable)
 - Budget Justification
 - Other required sponsor documents as necessary (biosketch, current and pending, letter of support, etc.)

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – PI Review of Subrecipient Documentation

- Sends the SOW, Budget, and Budget Justification to the Purdue PI for validation. The PI should review to ensure the proposed work and accompanying budget match expectations.

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Subrecipient Monitoring Guidelines

Pre-Award – Budget Preparation and Review

- **Budget the entity in accordance with their role.**
 - Subrecipient = When using an MTDC base, budget the first \$25,000 with Purdue F&A. The remainder should be budgeted without Purdue F&A.*
 - *The first \$25,000 applies to the total budget over the full project period. For example: If the subrecipient budget is \$200,000 over 4 years (\$50,000 per year), F&A would only be applied to \$25,000 of the first year budget. The remaining \$25,000 would not be included in the F&A base in year one. None of the subrecipient budget would be included in the base in years 2-4.

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Budget Preparation and Review

- Verify the appropriate F&A rate is used by the subrecipient (negotiated or de minimis). If the subrecipient does not have a federally negotiated F&A rate, they should include the 10% de minimis rate or provide evidence that they do not wish to claim it.
- Verify the subrecipient has appropriately applied fringe benefit rates.
 - Some entities have negotiated rates with the Federal government.

Subrecipient Monitoring & Management

Subrecipient Monitoring Guidelines

Pre-Award – Compliance Review

- Review for debarred status (either in FDP Entity Profile or on the received Entity Profile). If debarred, advise the PI that they may need to find a replacement subrecipient if the status does not change prior to award.
- Check the LOI for Human Subjects or Animals. Flag as applicable in Coeus.
- Verify if the Subrecipient has compliant FCOI policy (Section D of Entity Profile, FDP Certifications Tab, FDP FCOI Clearinghouse). If not, include the PI and any other listed senior personnel in the PDD. **PURDUE**
UNIVERSITY

Subrecipient Monitoring & Management

Post Award – Subaward Establishment

- Reviews all Subrecipient documentation
 - IDC rate
 - Fringe rate
 - Budget – only allowable costs included
 - Statement of Work
 - Letter of Intent
- Reviews SAM.gov for the Subrecipient and PI/Co-PI's
- Reviews SPS Risk Analysis Information Portal
- Reviews FDP Clearinghouse
- Completes the Risk Analysis form to determine if the Subaward is High risk

Subrecipient Monitoring & Management

Post Award – Risk Assessment Process

- Purdue has established a Subrecipient Risk Analysis process for evaluating the risk associated with Subrecipients.
- The Subrecipient Risk Analysis form is used to determine risk associated with Subrecipient
- Risk Assessment Committee (RAC) then receives all potential high risk Subrecipient for further review.
 - RAC utilizes the risk assessment and sponsor award to determine appropriate subagreement language to ensure appropriate management of sponsored funds along with determination of other steps to monitor and mitigate potential risk

Subrecipient Monitoring & Management

Post Award – Risk Assessment Process

- High Risk Indicators
 - Subrecipient does not have a current Single Audit
 - Subrecipient does not receive Federal funds directly
 - Subrecipient is debarred or suspended
 - Foreign Subrecipient
 - Subrecipient is a Start-up company
 - Subaward is $>$ or $=$ to 50% of the award
 - Prior negative experience with Subrecipient
 - New Subrecipient
 - Potential Conflict of Interest
 - Special Considerations
 - Export Control, Human Subjects, Animals, Unique Terms & Conditions in prime agreement, unique statement of work and deliverables, Cost Share, Anti-Human Trafficking



Subrecipient Monitoring & Management

Post Award – Risk Assessment Process

- Examples of monitoring tools
 - Required detail backup to invoices
 - Complete transaction listing
 - Desk audits
 - On-site reviews
 - Progress reports

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Post Award – Risk Assessment Process

- Key components that indicates what language a contract analyst puts in the subawards
 - E-Verify
 - FFATA
 - FDP
 - If the Subrecipient's statement of work or commitment form indicates regulated research
 - High Risk determination

Subrecipient Monitoring & Management

Roles & Responsibilities

Roles and Responsibilities								
Subrecipient Stage	Activity	PI	Pre-Award	Contracting	EVPRP	Risk Assessment Committee	Post Award	Data & Support
Proposal	Subrecipient vs Contractor Review		X					
	Identify potential High Risk		X					
	Gather SOW, budget, budget justification, and authorized institutional approval		X					
	Review SOW/Budget	X						
	Obtain institutional data via FDP Expanded Clearinghouse or Entity Profile/LOI		X					X
Award	New Sub: Subrecipient vs Contractor Review						X	
	New Sub: Identify potential High Risk						X	
	New Sub: Gather SOW, budget, budget justification, and authorized institutional approval						X	
	New Sub: Review SOW/Budget	X						
	New Sub: Obtain institutional data via FDP Expanded Clearinghouse or Entity Profile/LOI						X	X
	Evaluate Risk Level						X	

Subrecipient Monitoring & Management

Subcontract Invoice Process

Invoice processing improvements

- Invoices are reviewed by the RA Specialist to ensure the terms and conditions of the award are being followed then sends the invoice to the RA Cash Specialist for processing
- RA Cash Specialist prepares the ZV60 or Direct Invoice Voucher (DIV).
- The RA Cash Specialist emails the Invoice to the PI (and/or other person with firsthand knowledge of the project for approval). The business office is also copied on this email.
 - If approval is not received by the 15th of the month, the RA Cash Specialist will follow up with the business office to request assistance
- Once SPS has the PI approval the invoice is sent to the RA Manager or RA Specialist for comptroller signature.
- When all approvals are obtained the RA Cash Specialist sends the invoice to Accounts Payable for processing and images the documents in Perceptive Content
- Checks are mailed directly to the Subrecipients

Subrecipient Monitoring & Management

Case Study 1

ARTICLE IV: FINANCIAL OBLIGATION AND PAYMENT

The cost to University for Recipient's performance of this Agreement will not exceed **\$1,289,143.00** in U.S. currency in accordance with the Budget submitted to University, incorporated and hereby made a part of this Agreement as **Attachment B**, "Budget". University is not obligated to make any additional, supplemental, continuation, renewal, or other award for the same or any other purpose.

Recipient will submit an invoice to University not more frequently than monthly to University's Administrative/Fiscal contact listed in ARTICLE IX, COMMUNICATIONS of this Agreement. Invoices must be submitted in detail by major cost category, with a complete transaction listing pursuant to budget line items indicating individual budget expenditures, and include a certification as to truth and accuracy of invoice. Both parties agree the University reserves the right to request additional documentation in order to satisfy its requirements to the sponsoring organization. The final invoice will be sent to University's Administrative/Fiscal contact no later than 60 days after the termination of this Agreement.

Recipient is required to provide cost sharing for this project in the amount of **\$891,248.40** in Non-Fund monies. Fund awards are to be used solely for the authorized purposes specified by this Agreement. Cost sharing must be reported monthly in conjunction with invoices submitted for payment. ***Invoices will not be paid until this cost sharing documentation is provided.***

Subrecipient Monitoring & Management

Case Study 1

ARTICLE XI: REPORTS

Fiscal Reports - Recipient will submit to University within **60** days after the termination date of this Agreement, a final statement of disbursements by budget category for the period covered by this Agreement. This report will reflect any unexpended funds and will be certified correct by the Chief Financial Officer, or his designee, of Recipient.

Fiscal Reports – Recipient will submit an invoice to University not more frequently than monthly. Invoices must be submitted in detail by major cost category, with a complete transaction listing pursuant to budget line items indicating individual budget expenditures.

Invention Statement - Recipient agrees to submit a Final Invention Statement with the Final Fiscal Report.

Property Report – Recipient agrees to submit to University within **60** days after the termination date of this Agreement a Final Property Report.

Subrecipient Monitoring & Management

Case Study 2

ARTICLE XIX: GOVERNING LAW

This Agreement shall be governed, construed and enforced for all purposes in accordance with the laws of the State of Indiana, without regard to such laws governing choice of law. Subrecipient acknowledges that PTE is subject to the laws of the United States and PTE will not be obligated to take any action that violates such laws.

ARTICLE XX: ANTI-TERRORIST COMPLIANCE

Subrecipient hereby agrees that all funds, including subawards to subrecipients, will be used in compliance with all applicable United States anti-terrorist financing and asset control laws, regulations, rules and executive orders.

ARTICLE XXI: ANTI-HUMAN TRAFFICKING

Purdue is prohibited and prohibits its employees, consultants, vendors, contractors and subcontractors from engaging in any form of trafficking in persons, the procurement of a commercial sex act during the period of time that the grant contract, or cooperative agreement is in effect, the use of forced labor in the performance of the grant, contract or cooperative agreement, or any other acts that directly support or advance trafficking in persons, including the following:

- (l) Destroying, concealing, removing, confiscating or otherwise denying an employee access to that

Subrecipient Monitoring & Management

Case Study 2

ARTICLE XXII: EXPORT CONTROLS

It is understood that PTE is subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities, and that its obligations hereunder are contingent on compliance with applicable U.S. export laws and regulations (including the International Traffic in Arms Regulations (ITAR) and Export Administration Regulations (EAR)). In the event that subrecipient intends to provide any technical information, computer software, laboratory prototypes, or other items controlled under the applicable U.S. export control laws, the subrecipient shall first notify PTE of its

ARTICLE XXIII: SECOND TIER SUBAWARDS

Subrecipient may not issue any subawards under this Subaward without the express prior written consent of PTE.

ARTICLE XXIV:

SITE VISITS:

Upon reasonable request by the Prime Recipient to the Subrecipient, the Subrecipient's facilities or such part thereof as may be engaged in the performance of this Agreement, and any related project financial records, documents, papers and other records pertinent to this Agreement shall be subject to inspection and audit. Any related project financial records, documents, papers and other records pertinent to this Agreement shall be retained for a period of three (3) years from the date of submission of the final invoice expenditure report. Records pertaining to audits, appeals, litigation or settlement of claims arising out of performance of this Agreement shall also be retained until such actions or claims have been settled.

Subrecipient Monitoring & Management

Helpful Resources

Subrecipient Monitoring Guidelines:

<https://www.purdue.edu/business/sps/pdf/SubrecipientMonitoringGuidelines.pdf>

Uniform Guidance:

<https://www.purdue.edu/business/sps/UG/index.html>

QUESTIONS?