**Subrecipient Monitoring Policy**

**Policy Statement**

The University of Arkansas at Pine Bluff is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of sponsor funds. The following policy applies to all subawards issued under UAPB’s Grants Accounting office, without regard to the primary source of funding. Additionally, this policy addresses institutional responsibilities and assists Principal Investigators (PIs) and administrators to ensure that, in addition to achieving performance goals, subrecipients comply with applicable federal laws and regulations and with the provisions of each subaward agreement.

**Reason for Policy**

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (“Uniform Guidance”), specifically §200.331, requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level, monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal statutes and regulations and terms of the subaward, and verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

For non-federal awards, UAPB may also be required by the sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and account for the sponsor’s funds.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and Schools, and jeopardize current and future funding. It is the responsibility of the University of Arkansas Pine Bluff, as the pass-through entity, to ensure the good stewardship of sponsored funding. All funds assigned to subrecipient organizations should receive the same diligence as sponsored funds that remain at the University of Arkansas at Pine Bluff.

**Who Must Comply**

All Principal Investigators (PIs) and administrators at the University of Arkansas Pine Bluff within all schools, units, divisions, University-wide initiatives, and centers, who are involved with the administration and conduct of sponsored awards that issue and manage subawards must comply with this policy.

**Roles and Responsibilities**

Subrecipient monitoring responsibilities are shared among the following:

**PI & Department/Local Unit**

* Obtains proposal-relevant documentation from subrecipient, including Subrecipient commitment form, and submits with proposal for review and approval to the Grant accounting office.
* Monitors the technical progress of a subrecipient’s performance as defined in the subaward.
* Ensures that subrecipient has met all deliverables.
* Ensures that subrecipient has complied with all applicable public policy requirements and objectives.
* Reviews invoices for cost allowability, compliance with federal regulations, prime award and subaward terms and conditions. In addition, ensures that the amount billed is consistent with technical/progress reports and production of deliverables.
* Review and approve invoices in a timely manner. This task may not be delegated.
* Submits invoices for payment in a timely manner and retain copies for departmental records.
* Provide written confirmation of the review of each subaward to the school’s Grant accounting office on a quarterly basis.

**Grants Accounting**

* Provide the funding agency’s information and terms and conditions to the subrecipient.
* Determine if a sub is high risk.
* Review invoices for accuracy and recommend for payment.
* Monitor activities of the sub recipient and ensure funds are used only for authorized purposes.
* Initiates Pre-qualification subrecipient reviews; consults with the appropriate University departments as necessary to perform subrecipient risk assessment for first-time subrecipients.
* Negotiates and executes subaward agreements between the University and subrecipient organizations, including appropriate language requiring adherence to federal regulations and other sponsor requirements as applicable.
* Provides special terms and conditions in the subaward to manage risk.
* Issues and collects annual single audit certification letters and Subrecipient Profile Questionnaire for non-A-133 subrecipients. Issues management decision on subrecipient audit findings.
* Documents annual compliance certifications.
* Performs a final review of costs charged and facilitates close-out of all commitments.
* Assists to resolve financial questions related to invoices.
* Ensures that the University’s subrecipient monitoring procedures are compliant with Federal, non-Federal, and other applicable regulations.
* Provides training and guidance in interpreting regulations, subaward terms and conditions and executing these guidelines and requirements.

**Procedures**

The following procedures outline the process for monitoring subrecipients. The University of Arkansas Pine Bluff follows 2 CFR §200.331 when issuing subawards. Per 2 CFR §200.331, the University of Arkansas Pine Bluff is required to review each subrecipient organization and monitor each individual subaward.

**Reviewing and assessing subrecipient organizations**

Subawarding always requires prior agency approval, unless it is incorporated in the approved proposal. If a potential sub-recipient organization is identified prior to proposal submission, it must submit a proposal to UAPB, including the Subrecipient commitment form, risk assessment information, Statement of Work, Budget and Budget Justification. The Principal Investigator should then incorporate the sub-recipient’s material into his/her proposal following the sponsor’s instructions. The potential sub-recipient’s budget should be incorporated into the UAPB budget as a line item. All new and existing active subrecipient organizations will be rated annually. The PI will complete the risk assessment form on all subrecipient. Grant Accounting will review the risk assessment form for accuracy. A risk rating will be assigned prior to issuing a subaward. For high risk subrecipients, the PI and Grants Accounting will develop a proposed risk mitigation strategy that may include special terms and conditions in the subaward agreement or other forms of more robust monitoring procedures in accordance with the OMB Uniform Guidance. In rare instances, UAPB may determine that the risk of entering into a subaward with the proposed entity is excessive and not move forward with executing the agreement.

**Drafting and negotiating a subaward**

The Office of Grants Accounting has the responsibility for ensuring that subaward agreements contain appropriate federal and other applicable regulations. Upon receipt of the information from the Principal Investigator, Grants Accounting will prepare a draft of the subaward agreement. The Principal Investigator should provide Grants Accounting with the particulars of the subaward, including a copy of the sub-recipient organization’s Statement of Work, Budget and Budget Justification. All terms and conditions accepted by UAPB flow down to sub- recipients of awards. When the subrecipients are allowed to claim indirect cost as part of their subawards, UAPB will pay the approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government. If no such rate exists, UAPB will either negotiate a rate with the subrecipient or use the de minimis indirect cost rate as defined in 2 CFR §200.414 Indirect (F&A) costs, paragraph (f).

**Ongoing monitoring of individual subawards**

Principal Investigators (PI’s) have primary responsibility for the monitoring of sub-recipients to ensure compliance with federal regulations and with the terms of both the prime award and the subaward. PIs are responsible for ensuring that subaward costs are reasonable and allowable, and for ensuring that the sub- recipients are accomplishing their agreed-to program goals and objectives. PIs are also responsible for the receipt and review of technical performance reports or other deliverables and the review of expenses vs. budget. Financial reports shall be submitted to the University quarterly not later than 30 days after the end of each calendar quarter and include current and cumulative costs, Subaward number, and certification as to truth and accuracy of the report. Financial reports should be sent to the Project Director with a copy to the Financial Contact. There may be additional sponsor-specific or program-specific requirements that mandate collection and documentation of other kinds of assurances.

**Closeout of subawards**

An integral part of subcontract monitoring is close-out of the subcontract at the end of the project period. This is the point at which final determination is made by the PI and Grants Accounting that the subcontractor has fulfilled all of its responsibilities under the subcontract. In general, a subcontract is closed when all deliverables have been met and the final payment has been made.

The PIs, in collaboration with business offices and Grants Accounting, should begin subcontractor closeout review at least 60 days prior to the conclusion of the subcontractor period of performance. This will allow adequate time for the department and PI to make any budgetary actions or requests for extensions to the sponsor, if necessary. Generally, subcontracts should be processed for closeout and formally closed within 60 days following the subcontract end date. Depending on the prime funding source, closeout may be required sooner.

The PI is responsible for obtaining technical/progress reports and patent invention documentation from the subrecipient. Grants Accounting is responsible for obtaining any equipment reports, the final invoice, and the final financial report from the subrecipient. Once Grants Accounting approves the final invoice, they will route the invoice to the appropriate business office. The business office will coordinate with the PI to verify all deliverables have been met by the subrecipient and that the final payment is okay to be released.