

Subrecipient Monitoring Policy

Policy Statement

Gallaudet University (GU) is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of programmatic funds. The following policy applies to all subawards issued by GU without regard to the primary source of funding. Additionally, this policy addresses institutional responsibilities and assists GU staff 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. This policy also distinguishes a subrecipient from a contractor, in accordance with the Uniform Guidance.

Reason for Policy

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) ("Uniform Guidance"), specifically §200.332, require pass-through entities to appropriately monitor all subrecipients. Specifically, pass-through entities must:

- 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, GU may also be required by the project funder 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 project's funds.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to GU and jeopardize current and future federal and non-federal funding as well as jeopardize the results of GU's annual financial audit. It is the responsibility of GU, as the pass-through entity, to ensure the good stewardship of all pass-through funding. All funds assigned to subrecipient organizations should receive the same diligence as programmatic funds that remain at GU.

Who Must Comply

All GU staff who are involved with the administration and oversight of projects/grants that contain subawards must comply with this policy.

Roles and Responsibilities

Subrecipient monitoring responsibilities are shared among the following:

Office of Research:

- Determine whether a party is a subrecipient or contractor in accordance with Uniform Guidance using the GU Subrecipient vs Contractor Analysis Tool
- Assess potential subrecipient organizations for programmatic, financial, and administrative suitability at the time of proposal
- Request subrecipient organization information or request expedited completion of the Subrecipient Profile Questionnaire at the proposal stage, if necessary
- Confirm the statement of work and review any non-standard terms and conditions of the subaward during the subaward agreement negotiation process
- Proactively monitor programmatic progress and the ability of the subrecipient to meet objectives of the subaward using the Risk Assessment Matrix and Monitoring Plan tools.
- Monitor each subaward throughout the period of performance and escalate concerns to the GU Principal Investigator/Program Director (PI/PD) or designee
- Using the Subrecipient Monitoring Record, maintain written confirmation of the monitoring process on an on-going basis
- Comply with FFATA reporting requirements as described below

GU Principal Investigator/Program Director (PI/PD) or Designee

- Review information obtained for subrecipient organization risk assessment and assign a risk rating in coordination with the Office of Research
- Incorporate additional terms into subawards based on information and feedback received from the Office of Research and the risk assessment of the subrecipient organization
- Review, approve, and execute all subawards
- Periodically meet with the Office of Research to review the monitoring of subrecipients

GU Finance Staff

- Obtain a copy of the subrecipient's Single Audit report from the Federal Audit Clearinghouse; if a Single Audit is not required, obtain a copy of the subrecipient's audited financial statements
- Review the auditor report and document the auditor opinion and findings, if any, using the Subrecipient Monitoring Checklist
- If there were any findings on GU pass-through awards, review the subrecipient's corrective action plan and issue a management decision

Procedures

The following procedures outline the process for monitoring subrecipients. Per 2 CFR §200.332, GU is required to review each subrecipient organization and monitor each individual subaward.

Reviewing and assessing subrecipient organizations

All new and existing active subrecipient organizations will be reviewed annually. GU should obtain copies of the Single Audit Reports if the entity is subject to 2 CFR 200, Subpart F, or request financial and other relevant information for institutions not subject to the Single Audit requirements. A risk rating will be assigned prior to issuing a subaward.

Including subawards in a proposal

Before including a subaward in a proposal, PIs/PDs should consider the ability of the subrecipient organization to perform the work and adequately manage the administrative and financial responsibilities in accordance with the subaward terms and conditions. Information in the subrecipient's permanent file should be reviewed and if applicable, the PI/PD should request an expedited review of the subrecipient organization. The Office of Research and the PI/PD should consider including in the GU project budget the cost of a limited scope audit for subrecipient organizations not subject to a Single Audit under 2 CFR 200 Subpart F.

Drafting and negotiating a subaward

Once it is determined that a subaward is appropriate, all applicable terms and conditions of the prime award must be flowed down to the subrecipient organization. When drafting the subaward agreement, GU must review the risk assessment and rating level, consider any prior GU experience with the subrecipient, and any other available information to determine if additional terms and conditions should be included in the subaward agreement. In addition, GU should ensure that all language required to be included in the subaward agreement is contained in the award documents. Strategic Sourcing is responsible for the development of all subrecipient agreements.

Ongoing monitoring of individual subawards

Ongoing programmatic and financial review of each subaward is required. On at least a quarterly basis, the Office of Research must maintain and update written documentation of the monitoring and results. Material issues with subawards should be escalated to the GU PI/PD as soon as they arise.

Annually, GU Finance Staff must review each subrecipient's federal single audit report (or audited financial statements, if a single audit is not required) to determine whether audit findings exist. To the extent there are audit findings on a GU pass-through award, GU Finance Staff must determine whether the subrecipient's corrective action plan will sufficiently address the audit issue and communicate management's decision to the subrecipient.

Escalation and resolution of problematic subawards

The Office of Research should report issues to the GU PI/PD as soon as they are identified. Upon review of all available information, the Office of Research and GU PI/PD will determine whether it is appropriate to change the subrecipient's risk rating, recommend additional monitoring, revise terms and conditions of the subaward agreement, and/or other procedures to remedy the concern.

Subrecipient vs. Contractor Guidance

Under the OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, the term "vendor" was replaced with "contractor." The terms vendor and contractor substantially have the same meaning and may be used interchangeably in other guidance. For consistency purposes, when GU provides funds from a federal award to a non-federal entity, the non-federal entity receiving these funds is classified as a subrecipient or a contractor based on the nature of the agreement and the criteria in 2 CFR §200.330.

Before entering into a relationship with another entity under a federal or non-federal program in which the other entity will provide goods or services or substantive, programmatic work to GU as the prime recipient of funding, a determination must be made as to the nature of the legal relationship of GU and other entity, which in turn will determine the type of legal agreement required to document the relationship. This is a significant decision because it determines the allocation of responsibilities and influences the appropriate application of indirect cost rates. In the case of a subaward, it is incumbent upon the prime recipient (GU) to ensure that subrecipients conduct their portions of projects in compliance with all applicable terms and conditions of awards and subawards and that project costs incurred by subrecipients are reasonable and allowable.

Agreements with contractors (vendors) for the purchase of services, however, typically do not bind vendors to the full set of the project funder's terms and conditions, and are subject to competitive bidding procurement practices, to assure that funds paid to vendors do not exceed fair market value.

Subrecipient

A **subrecipient** relationship is appropriate when:

- Substantive, programmatic work or an important or significant portion of the program or project is being undertaken by the other entity.
- The project is within the scope of normal business of the entity.
- The entity participates in a creative way in designing and implementing the scope of work and also retains some element of programmatic control and discretion over how the work is carried out.
- The entity makes independent decisions regarding how to implement the requested activities.

- A project manager has been identified at the entity and functions as a collaborator with the GU PI/PD.
- The entity provides cost sharing or matching funds for which it is not reimbursed by GU, if applicable.

Subawards should have a detailed scope of work and a budget that specifies salary, fringe, supplies, and other direct costs, as well as appropriate indirect/overhead costs consistent with the subrecipient's indirect cost rate. Terms and conditions from a prime award are typically imposed on the subrecipient to the same degree that they are imposed on GU as the prime recipient.

Subrecipient Approval and Negotiation

GU grant proposals that include subrecipients, and the subawards themselves, should be reviewed and approved by the GU PI/PD.

Contractor (Vendor)

A **contractor** (vendor) relationship (including that of an individual acting as a vendor by providing consulting services) is appropriate when:

- The entity is providing specified services in support of the GU program.
- The entity has not significantly participated in the design of the program itself, but is instead tasked with implementing a portion of the GU project.
- The entity is not directly responsible to the project funder for the work performed.
- The entity markets its services to a range of customers, including those outside of the non-profit community.
- Little or no independent decision-making is involved in the design and conduct of the work being completed.
- The agreement only specifies the type of goods/services provided and the associated costs.
- The entity commits to deliverable goods or services, which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.
- In the case of an individual vendor of consulting services, the person has no employment relationship with GU.

Contractor (Vendor) Agreement Approval

Once it is determined that the nature of the relationship between GU, as the prime award recipient, and the entity involved in providing goods or services should be treated as that of purchaser and vendor, the Office of Strategic Sourcing will be responsible for ensuring the proper execution of any relevant agreement and, in doing so, must comply with all GU vendor policies, including the procurement policies and procedures.

FFATA Reporting

The Federal Funding Accountability and Transparency Act (FFATA) of 2006 required the Office of Management and Budget to create a searchable, no-cost, publicly accessible website for each federal award of \$30,000 or more, which includes basic information about the recipient and the project being funded. Recipients of federal funding are required to report certain information about their first-tier subrecipients for awards of \$30,000 or more.

The following data about must be reported at www.fsrs.gov.

- Subrecipient Unique Entity Identifier (UEI) Number
- Subrecipient Name
- Subrecipient Address
- Amount of Subaward
- Subaward Obligation/Action Date
- Subaward Project Description
- Subrecipient Principal Place of Performance, including congressional district
- Subaward Number assigned to subaward by Gallaudet University

The above information must be reported to www.fsrs.gov by the end of the month following the month in which the obligation was made; for example, a subaward that was executed on April 26, 2023 must be reported no later than May 31, 2023. As noted above, the Office of Research is responsible for FFATA compliance for all subawards.

Additional Resources

The following documents are an integral part of this policy and should be used in conjunction with this subrecipient monitoring policy:

- GU Subrecipient vs. Contractor Analysis Tool
- GU Subrecipient Profile Questionnaire
- GU Subrecipient Risk Assessment Matrix
- GU Subrecipient Monitoring Plans
- GU Subrecipient Monitoring Record