

East Tennessee State University

Policy Title: Subrecipient Policy

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Responsible Official: Vice Provost for Research and Sponsored Programs

Responsible Office: Office of Research and Sponsored Programs

Policy Statement

ETSU has the responsibility throughout the lifetime of the subaward agreement to monitor the activities of subrecipients in accordance with the terms and conditions of the prime sponsored award. The Principal Investigator (PI) is responsible for the management and administration of the subaward in accordance with the sponsored award and ETSU policy.

Purpose

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. This Policy applies to all subawards issued under sponsored programs, without regard to the primary source of funding.

Definitions

Federal Audit Clearinghouse	A division of the Office of Management and Budget (OMB) that collects information on audit results
Uniform Guidance	An OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”
Pass through entity	A non-sponsor entity that provides a prime sponsored award to a subrecipient to carry out a portion of the prime sponsored award’s program.
Prime recipient	The direct recipient of funds to support a sponsored project.
Subaward (subcontract or subgrant)	An award of financial support from prime awardees (e.g., ETSU) to a qualified organization for the performance of a substantive portion of the program funded under the prime award. The term also includes awards made by a subrecipient to a lower tier subrecipient. It does not include procurement of goods and services funded by a prime award, i.e., Contractors are not considered subrecipients.
Subrecipient (subcontractor or subawardee)	<p>The legal entity to which a subaward is made and which is accountable to the University for the use of the funds provided in carrying out a portion of the University’s programmatic effort under a sponsored project. The term may include institutions of higher education, for-profit corporation and foreign or international organizations. Their performance is measured against meeting the objectives of the program.</p> <ul style="list-style-type: none"> • They have authority for administrative and programmatic decisions. • They provide on-going service for the life of the program. • They carry out a program of the subrecipient as compared to providing services for a program of the prime recipient. <p>They are responsible for applicable program compliance requirements.</p>
Contractor (Vendor)	<p>A dealer, distributor, merchant or other seller providing goods or services which are required to the conduct of a federal program. They provide the service as part of their normal business operations.</p> <ul style="list-style-type: none"> • They provide a similar service to many different purchasers.

	<ul style="list-style-type: none"> • They operate in a competitive environment (compete with others who can provide a similar service). <p>The program compliance requirements do not pertain to the service provided.</p>
Procedures	
Distinguishing between a Subrecipient and a Contractor	ETSU uses the Uniform Guidance Subrecipient and Contractor Determinations (2 CFR 200.330) to distinguish subawards from other procurement actions. The appropriate classification of a transaction as a subaward or other procurement action at the time it is proposed and funded is essential for ensuring proper accounting for costs and compliance requirements. Contractor relationships may be initiated and monitored directly by Procurement.
Proposal Preparation	<p>The following steps must be completed during the proposal preparation process:</p> <ol style="list-style-type: none"> 1. The PI determines the need for subrecipient participation in the proposed scope of work that will be submitted to the sponsor. 2. The PI selects a subrecipient based upon the PI’s assessment of the subrecipient's ability to perform the proposed work successfully. 3. The PI informs ORSPA of the intent to use a subrecipient. 4. ORSPA obtains Subrecipient Commitment Form and proposal documents from each subrecipient prior to proposal submission to the sponsor. 5. ORSPA will perform a risk assessment prior to issuing a subaward. For subrecipients deemed to require closer scrutiny, ORSPA will work with the PIs and Department administrators to establish a subrecipient monitoring plan.
Subaward Initiation	<p>The following steps must be completed in order to initiate a subaward under a University sponsored award:</p> <ol style="list-style-type: none"> 1. The PI submits the Subaward Request Form to ORSPA. 2. ORSPA reviews all documentation and consults with the PI as needed to clarify reporting requirements and other subrecipient documentation. 3. ORSPA drafts and issues an appropriate subaward agreement to the subrecipient. 4. ORSPA contacts Procurement and Contract Services to request an encumbrance in Banner in the amount awarded under the agreement. 5. ORSPA negotiates the subaward agreement with the subrecipient and obtains a partially executed subaward agreement. <p>ORSPA obtains the signature of the Vice Provost for Research and Sponsored Programs and forwards the fully executed subaward agreement to Grant Accounting for financial management.</p>
Subrecipient Monitoring	ETSU has the responsibility throughout the life of the subaward to monitor the activities of subrecipients in accordance with the subaward agreement and federal regulations, to ensure that awarded funds are used for authorized purposes in compliance with the provisions of the prime sponsored award terms and conditions, and to ensure that the statement of work is achieved.
Principal Investigators (PIs)	PIs have the primary responsibility of monitoring subrecipients’ progress and ensuring compliance with both prime and subrecipient award terms and conditions. The frequency and scope of monitoring procedures should be determined by the responsible PI, consulting as appropriate with the

	<p>Departments and ORSPA. ETSU employs a risk-based approach to subrecipient monitoring, focusing more frequent monitoring efforts on those subrecipients who are deemed to pose a greater risk for potential noncompliance. The Principal Investigator (PI) and the Department should use the following subrecipient monitoring procedures when appropriate:</p> <ol style="list-style-type: none"> 1. The PI should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated and resolved. 2. The PI should perform an expense to budget comparison for cost reimbursement subagreements. The subrecipient’s invoices must show both current period and cumulative expenses-to budget. 3. The PI should complete the Subaward Payment Authorization Form. 4. Subrecipients not subject to the Uniform Guidance Audit Requirements (Subpart F) or are considered to pose moderate to high risk may require additional monitoring to ensure compliance. For subrecipients deemed to require closer scrutiny, ORSPA and Grant Accounting should work to establish additional channels of communication and monitoring methods. Subrecipient monitoring plans should be devised, as appropriate. 5. On-site Visits are a discretionary monitoring procedure. On-site visits conducted by the PI to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file.
Department/College	<p>Departments assist PIs in their monitoring responsibilities, reviewing subrecipient invoices, identifying, and following up on questionable expenditures, completing the Subaward Payment Authorization Form and maintaining documentation of monitoring efforts.</p>
ORSPA	<ol style="list-style-type: none"> 1. ORSPA is responsible for developing and maintaining subrecipient monitoring tools for the use by the ETSU community. 2. ORSPA ensures that subrecipients comply with the Uniform Guidance and inform the subrecipient of all applicable federal laws and regulations to include flow-down provisions from the prime agreement. 3. Obtains a completed Subrecipient Commitment Form from the proposed subrecipient prior to initial proposal submission. 4. Distributes an Audit Questionnaire to all subrecipients as required by federal regulations.
Grant Accounting	<ol style="list-style-type: none"> 1. Reviews annual audit questionnaires 2. Reviews the subrecipients’ audit results via the Federal Audit Clearinghouse (http://harvester.census.gov/sac/) 3. Reviews any corrective actions cited by subrecipients in response to their audit findings, where the audit findings are related to ETSU’s awards to the subrecipients 4. Issues any management decisions based on content of the questionnaires and /or financial reports

	<ul style="list-style-type: none"> 5. Verifies subrecipient compliance with any corrective action 6. Conducts onsite monitoring when needed 7. Reviews invoices and certifies that invoices meet the requirements of the Uniform Guidance (2 CFR 200.415 (a)) prior to payment. 		
Roles and Responsibilities			
Principal Investigator/Project Director (PI/PD)	PIs have the primary responsibility for monitoring subrecipients to ensure compliance with federal regulations and both prime and subrecipient award terms and conditions.		
Department/College	Departments have the responsibility for assisting PIs in discharging their monitoring responsibilities.		
ORSPA	ORSPA develops and maintains subrecipient monitoring tools and also assists PIs and Department with their monitoring responsibilities.		
Grant Accounting	Grant Accounting reviews and verifies subrecipient documents, to include invoices, audits and financial statement. Grant Accounting pays invoices. Grant Accounting also acts on subrecipient findings.		
Related Forms			
Subrecipient Commitment Form Subaward Request Form Audit Questionnaire Subaward Payment Authorization Form			
Links			
Revision Dates			
Subject Areas			
Academic	Research	Finance	Human Resources
✓	✓	✓	✓