BRANDEIS UNIVERSITY POLICY

Policy: Subrecipient Monitoring Policy

Responsible Office: Office of Financial Affairs and Treasury Services
Responsible Official: Senior Vice President for Finance and Treasurer, Director Sponsored Programs Accounting
Effective Date: June 1, 2014

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Policy Statement

Brandeis University monitors the programmatic, administrative and financial activities of its subrecipients in order to ensure proper stewardship of sponsor funds. This policy sets forth guidance to assist the University in ensuring that subrecipients conduct their portion of the project in compliance with applicable laws, regulations and terms and conditions of the award and that project costs incurred by subrecipients are reasonable and allowable.

Purpose of Policy

2 CFR 200 (Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards), and specifically §200.331 Requirements for pass-through entities, requires prime recipients of federal funds to monitor subawards and to ensure subrecipients meet the audit requirements in Uniform Guidance 2 CFR 200 Subpart F – Audit Requirements and use funds in accordance with applicable laws, regulations and terms of the award.

As the prime award recipient, all Principal Investigators and administrators at Brandeis University are responsible for ensuring that performance goals are achieved and the scope of work is met while sponsor funds are managed appropriately.

Applicability

This policy applies to all sub-awards issued under sponsored awards made to Brandeis University without regard to the primary source of funding. Vendor agreements are not subject to this policy.

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Roles and Responsibilities

As a non-profit recipient of federal funds that expends $500,000 or more per fiscal year, Brandeis must ensure that its subrecipients comply with Uniform Guidance (UG) Single Audit requirement. Brandeis' responsisbilities include:

- Informing the subrecipient of all applicable federal laws and regulations and all appropriate flow-down provisions from the prime agreement
- Reviewing the subrecipients' UG Single Audit results via the Federal Audit Clearinghouse (http://harvester.census.gov/sac/)
- Reviewing any corrective actions cited by subrecipients in response to their audit findings, where the audit findings are related to Brandeis' awards to the subrecipients
- Issuing a management decision on subrecipient's audit findings within six months after receipt of the audit results and ensuring the subrecipient takes appropriate and timely corrective action
- When required by sponsor, or as deemed necessary, Brandeis will perform periodic on-site subrecipient monitoring, including reviews of programmatic and financial operations, and compliance with grant terms and conditions. Responsibility for maintenance of documentation of the results of each subrecipient monitoring visit is shared by Sponsored Programs Administration and the Office of Research Administration.

Subrecipient monitoring responsibilities are shared among the following:

Principal Investigator (PI) identifies potential subrecipients. The PI also has responsibility for monitoring subrecipients to ensure compliance with federal regulations regarding both prime and subrecipient award terms and conditions. The PI reviews program/progress reports and maintains regular contact with the subrecipient. The PI is responsible for reviewing and approving the invoices submitted by the subrecipient and questioning expenditures, if necessary.

Departments/Units have responsibility for assisting PI's in their monitoring responsibilities, for reviewing budgets and invoices from subrecipients and questioning expenditures, if necessary, and for maintaining documentation of monitoring efforts. Departmetns/Units are responsible for sending the Subrecipient Commitment Form (supplied by ORA) to subrecipients for completion. If a high risk subrecipient is identified, the Department/Unit assumes any financial risk associated with a high risk subrecipient

Office of Research Administration (ORA) negotiates and issues subrecipient agreements, ensuring that federal and other applicable regulations are identified and included in the subrecipient agreement documents. ORA and helps determine level of risk associated with subrecipient. When necessary, ORA also helps determine appropriate corrective action plans associated with subrecipients.

Sponsored Programs Accounting (SPA) establishes effective processes and controls to ensure compliance with this policy and annually monitors the UG Single Audit certifications of subrecipients. SPA also reviews invoices and if necessary, helps determine appropriate corrective action plans.

Procedures

Pre-Award/Proposal

The pre-award/proposal stage includes all activities conducted in advance of an award from the funding agency.

➤ Principal Investigator (PI) identifies subrecipient(s) to include in proposal to funding agency
➤ ORA helps to determine relationships – subrecipient vs. consultant vs. vendor
➤ PI & Department/Unit submits all relevant documentation to ORA, including the Subrecipient Commitment Form.
➤ ORA reviews proposal in accordance with policies and procedures, including checking subrecipients against the Excluded Parties List System ("EPLS")
➤ Once all approvals are in place, ORA submits proposal to funding agency

Initial Award/Subrecipient Review

The initial award/subrecipient review stage includes receiving the award from the funding agency and all of the activities necessary to assess the potential risk of any subrecipient(s) in advance of entering into the sub-contract agreement.

➤ When notice of prime grant award/contract is received, ORA sends subrecipient the Audit Questionnaire, if necessary.
➤ SPA will review subrecipient response to Audit Questionnaire.
➤ Prior to issuing a subrecipient agreement, a risk assessment will be performed by ORA and SPA, in conjunction with the PI and Department/Unit, to determine any measures (e.g., additional monitoring procedures, special terms and conditions) necessary to appropriately monitor the subrecipient.
➤ ORA negotiates terms and conditions with subrecipient, including any additional measures identified in the risk assessment

Post-Award/Ongoing Monitoring

Post-award/ongoing monitoring includes activities undertaken to monitor the subrecipient's administration, billing and technical progress.

➤ Frequency and intensity of monitoring are based on the risk assessment performed and any changes to that assessment during the life of the sub-award
➤ All subrecipient monitoring should be documented and maintained by SPA.
➤ The PI should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated, and resolved.

Invoices: To ensure proper use of sponsor funds, invoices must be monitored for completeness.

➤ The PI and SPA should review invoices regularly and document their review in the grant file. Such documentation may include, for example: PI initials or authorizing signature on

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invoices, email communications, notes of meetings with the Department/Unit grant administrator, etc.

Communication with subrecipient: Frequent communication between the PI, Department/Unit, ORA, SPA and the subrecipient institution is essential to ensuring compliance.

- ➢ SPA should request the subrecipient to provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. If the subaward terms permit, SPA should request detailed justification to verify the allowability of the cost. Examples of detailed justifications include:
  - ▪ Payroll records
  - ▪ Copies of paid invoices showing item costs and vendor justification forms if required
  - ▪ Descriptions of services rendered and time and rate reports
  - ▪ Details of incurred travel charges stating the purpose of the travel
- ➢ The PI should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated, and resolved.
- ➢ Subrecipients not subject to UG Single audit may require additional monitoring by local administrators to ensure compliance. For subrecipients deemed to require closer scrutiny, PIs and local administrators should work with their submitting offices to establish additional channels of communication and monitoring methods. Subrecipient monitoring plans should be devised, as appropriate. Contracts with foreign or for-profit subrecipients may specifically describe applicable compliance requirements and responsibilities.
- ➢ The PI and/or SPA may at their discretion conduct on-site visits to evaluate compliance with the project's scientific objectives, and the appropriateness of the subrecipient's administrative systems, processes and charges.
- ➢ Audits of subrecipients may be performed on a discretionary basis in order to resolve questionable costs or other noncompliance issues.
- ➢ For subrecipients deemed to require closer scrutiny, Departments/Units and PI will work with SPA and ORA to establish additional channels of communication.

Closeout

The final stage includes closeout to ensure that all of the project deliverables are met and properly billed and reports have been received.

- ➢ The Department/Unit is responsible for ensuring that all documentation related to the project's performance and financial obligations have been met
- ➢ The PI is responsible for obtaining all required deliverables including the technical/progress reports, patent invention documentation and equipment reports from the subrecipient as part of the University's closeout process
- ➢ SPA and Department/Unit should ensure that the final invoice is marked "final"
- ➢ PI should review all technical/financial reports to ensure the subrecipient provided all project deliverables and met project objectives
- ➢ A sub-award may not be formally closed until all applicable closeout requirements are completed

References

2 CFR 200 (Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards)

Federal Audit Clearinghouse