

2135 MONITORING SUBRECIPIENTS NOT SUBJECT TO UNIFORM GUIDANCE AUDIT

Effective: Nov. 2003
Revised: June 2015
Reviewed: April 2016
Responsible Office: Research Services
Approval: Research Services

PURPOSE:

To establish responsibility for monitoring subrecipients receiving federal funds but not subject to the Office of Management and Budget's (OMB) Uniform Guidance single audit or program-specific audit (2 C.F.R. Part 200.501)

DEFINITION:

Subrecipients not subject to OMB Uniform Guidance are defined as for-profit and those non-profit organizations not meeting the federal expenditure threshold of \$750,000 per annum, as well as all foreign institutions or organizations

POLICY:

1. Prior to submitting a University proposal to a Federal sponsor that includes the above defined subrecipient, the Office of Research Services will ensure that the subrecipient has supplied the University with a letter of intent signed by an authorized institutional official or, in the case of proposals to Federal sponsors that utilize the Grants.gov portal for submission, a completed and signed SF424 cover page, scope of work, budget, and F&A Cost Rate Agreement if applicable. If no F & A Cost Rate Agreement exists, a de minimus rate of 10% will be used for the budget.
2. The Office of Research Services, when in receipt of a completed subaward request package, at the time of issuing the subaward, will request and review audited financial statements or the equivalent as determined by the ORS Director of Post-Award and/or in the case of an NIH prime subaward, consult the HHS OIG Corporate Integrity Agreements and Settlement Agreement with Integrity Provisions list.
3. The Office of Research Services is responsible for administering Federal funds granted to subrecipients. The subaward package will include the following information:
 - Subrecipient Name and DUNS Number
 - Federal Award Identification Number (FAIN)
 - Federal Award Date
 - Subaward Period of Performance Start and End Date
 - Amount of Federal Funds Obligated by this action
 - Total Amount of Federal Funds obligated to the subrecipient
 - Total Amount of the Federal Award

- Federal award project description as required to be responsive to FFATA
 - Name and contact information for Federal awarding agency, pass-through entity and awarding official
 - CFDA Number and Name
 - Identification of whether the award is R & D
 - Indirect cost for the award
 - Confirmation of compliant PHS FCOI Policy
4. The Office of Research Services will advise the subrecipient of requirements imposed on them by Federal laws, regulations and the provisions of contracts, grants and cooperative agreements, as well as any supplemental requirements imposed by the University. The following supplemental requirements will typically be imposed irrespective of the amount of the subaward:
- a certification indicating that the subrecipient is not debarred or suspended from receiving federal funds and notification of the University if its status should change;
 - a certification indicating that the subrecipient will notify the University if it becomes subject to OMB Uniform Guidance Audit requirements;
 - a certification of compliance with federal regulations governing financial conflicts of interest (FCOI) related to PHS-funded research;
 - submission of audited financial reports;
 - review of subrecipient financial and prior performance reports;
 - findings in any audit which impact the fiduciary management of the subaward must be submitted to the University;
 - non-compliance with the terms and the conditions of the subaward may result in the withholding of payment and/or immediate termination and;
 - require access to conduct a financial audit of the subrecipient to be performed by an external, University, and/or federal auditor.
5. In cases where prior experience with the subrecipient or the nature of the organization indicates additional risk, the following conditions may be imposed:
- perform financial audits of subrecipient;
 - perform site visits to subrecipient to review financial and programmatic records and observe operations;
 - additional documentation will be required with requests for reimbursement;
 - payments will be made on a cost-reimbursable or milestone basis
 - Factors such as the size of the subaward, the complexity of the compliance requirements, and risk of subrecipient non-compliance as assessed by the University may influence the nature and extent of monitoring procedures.
6. The Principal Investigator is responsible for monitoring the activities of subrecipients, as necessary, to ensure that Federal awards are being used for their authorized purpose and that performance goals are achieved. In doing so, the principal investigator is required to review and approve all technical and financial reports. Principal Investigator concerns regarding the contents of any required report(s) must be brought to the immediate attention of the Office of Research Services.

7. Principal Investigators must utilize the Office of Research Services Research Inventory System subaward request module found at: <https://medley.isc-seo.upenn.edu/researchInventory/jsp/fast2.do> to request both an initial subaward agreement and all subsequent modifications to that agreement. The Principal Investigator is required to certify on all subaward and subaward modification requests, that the information on the request form is accurate and that the subrecipient is performing according to the provisions of the subaward agreement.
8. The Office of Research Services will monitor the subrecipient according to the conditions selected for the subrecipient in Items 4 and 5 above.
9. If Office of Research Services determines that an audit report includes findings or material non-compliance with federal laws and regulations, they shall notify the Comptroller, and together, they will discuss the findings with the principal investigator and the responsible business administrator to determine an appropriate plan of action which may include adjustment of the University's records, demand for repayment from the subrecipient, or other remedial action.

ROLES AND RESPONSIBILITIES:

OFFICE OF RESEARCH SERVICES

- Ensures appropriate documentation from subrecipient organization is received
- Evaluates subrecipient's financial statements or completed financial questionnaire to determine suitability for proper stewardship of federal funds
- Generates subaward agreement containing all information as required for federal awards information as required for subawards under federal awards
- Checks for Debarment and suspension
- Prepares, assembles, and sends subaward to subrecipient
- For PHS FCOI non-compliant subrecipients work with subrecipients and RIO on covering subrecipient under Penn's policy

PRINCIPAL INVESTIGATORS

- Initiates the subcontracting process by signing and submitting to ORS a complete subrecipient request form;
- Monitors the activities of subrecipients
- Reviews and approve invoices submitted by subrecipients
- Determines the need for additional funding based on progress
- Requests reports as needed

BUSINESS ADMINISTRATOR

- Collects institutional approvals from subrecipient
- Sends Subaward request form to ORS
- Documents PI approval of invoices prior to authorizing payment
- Reviews invoices prior to requesting additional funds
- Documents PI approval of invoices prior to authorizing payment
- Collects institutional approvals from subawardee including a signed statement of intent
- Confirms the subrecipient has a PHS compliant FCOI Policy
- Certifies list of Investigators at subrecipient site for FCOI purposes

Footnotes: Fixed price sub awards exceeding \$150,000 require federal awarding agency approval

The source of this document is Research Services.