Contract & Grant Accounting Policy 7 Subrecipient/Subaward Monitoring

The University of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

1. Purpose/Introduction

OMB Uniform Guidance (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 follows 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, UNCG 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 jeopardize current and future funding. It is the responsibility of UNCG, 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 UNCG.

2. Scope

UNCG 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 Sponsored Programs. 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. Contract and Grant Accounting (CGA) may impose specific controls, as needed, for certain Subrecipients based on relevant risk factors.
3. Definitions and Roles & Responsibilities

3.1 Definitions

Subaward – Enforceable agreement, issued under a prime sponsored project, between a pass-through entity and a subrecipient for the performance of a substantive portion of the program; these terms do NOT apply to the procurement of goods or services from a contractor (vendor).

Subrecipient (Subcontractor, Subawardee) – Organization eligible to receive a financial award. A subrecipient’s performance is measured against whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services.

Office of Management and Budget (OMB) Uniform Administrative Requirements – The Office of Management and Budget oversees the federal budget and the management of funding to federal agencies. Part 200 of the Code of Federal Regulations contains the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Sections §200.330 and §200.331 require prime recipients of federal funds to monitor subawards and to ensure subrecipients meet specific audit requirements and use funds in accordance with applicable laws, regulations and terms of the award.

RAMSeS – the Research Administration Management System and electronic Submission is the official online proposal routing, submission, tracking and award management system used by the UNC System office. This system is used to create and manage all sponsored projects for the University.

Contractor (Vendor) – Organization that provides goods and services within normal business operations. Contractors (vendors) provide similar goods and services to many different purchasers, operate in a competitive environment, and provide goods or services that are ancillary to the operation of the sponsored program.

Pass-through entity – Non-federal entity that provides a federal award to a subrecipient to carry out a federal program; sometimes referred to as the “prime” or “lead” organization.

Sponsored award – Funding arrangement in which the University is providing a return benefit to or agrees to provide a defined deliverable or complete a set of activities for the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise.
3.2 Roles and Responsibilities

The Principal Investigator is responsible for:

- Monitoring the activities of the subrecipient.
- Confirming that all costs submitted by the subrecipient for payment are appropriate and current.
- Receiving progress reports, technical reports, and invoices by specified due dates.

The PI’s department is responsible for:

- Confirming statement of work, budget, and review of any non-standard terms and conditions of the subaward during the negotiation process.
- Reviewing invoices and processing CGBANFIN to initiate payment.
- Monitoring each subaward throughout the period of performance and escalating concerns to PI and CGA.

Contract & Grant Accounting is responsible for:

- Completing the Risk Analysis.
- Invoice monitoring and desk audit during each project period.

4. Policy

Prior to issuance of the subaward, The Office of Sponsored Programs collects the Sub agreement Assurances Form data that certifies the rates, cost sharing, IRB/IACUC, COI, and fiscal responsibility of the subrecipient. In addition, Contract & Grant Accounting completes a Risk Assessment to determine the appropriate level of monitoring and ensure monitoring and reporting requirements are incorporated into the subaward document as needed.

4.1 Monitoring

UNCG will utilize two kinds of monitoring:

1) CGA performs cost review of invoices and verifies that the subrecipient institution complies with the auditing requirements of the OMB Circulars. CGA will also perform a desk audit on one invoice during each budget period, for each managed subcontract.

2) The PI is responsible for making sure that the subrecipient unit at that institution is managing the subaward correctly and the costs are in line with the scope of work or deliverables submitted and approved.

5. Compliance and Enforcement

Contract & Grant Accounting is responsible for ensuring compliance with this policy.
6. **Additional Information**

6.1 **Supporting Documentation**

- OMB Policy: CFR 200.331 Requirements for Pass-thru Entities
- PI Invoice Approval Certification (CGBANFIN-32)
- Invoice Review Guidelines
- Risk Analysis
- Subaward Proposal Guidelines
- Subaward vs. Contracted Service

6.2 **Approval Authority**

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.3 **Contacts for Additional Information**

- Responsible Executive: William Walters, Director Contract & Grant Accounting, (336)334-5824, wdwalter@uncg.edu