



## Department Administrative Policy and Procedures

**Subject:** Subrecipient Monitoring

**Effective Date:** July 1, 2019

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### **I. PURPOSE**

Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, referred to as "Uniform Guidance," includes the following requirements for pass-through entities according to §200.331:

- (1) Evaluate each subrecipient's risk of noncompliance to determine the appropriate monitoring level needed under the subaward;
- (2) Monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal law and regulations and terms of the subaward; and
- (3) Verify that subrecipients are audited as required by Subpart F of the Uniform Guidance as applicable.

For non-federal awards, the University of Wyoming ("University") 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.

### **A. Subawards**

Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

This policy does not apply to vendor agreements under University awards (defined as contractors under Uniform Guidance). These are procurement agreements and have the following characteristics [§200.330(b)]:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program;  
and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Failure to adequately monitor the compliance of subrecipients could result in audit findings and could jeopardize current and future funding. It is the responsibility of the University, 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 the University.

## **II. DEFINITIONS**

**A. 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 project.

**B. Sponsored Projects** – 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.

**C. 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).

**D. Subrecipient (subcontractor or subawardee)** – Organization eligible to receive a financial award. A subrecipient's performance is measured against whether the objectives of the sponsored project 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.

### **III. POLICY**

The University of Wyoming 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 projects made to the University, without regard to the primary source of funding. 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.

#### **A. Who Must Comply**

All Principal Investigators (PIs) and administrators at the University of Wyoming who are involved with the administration and conduct of sponsored projects that issue and manage subawards must comply with this policy.

#### **B. Roles and Responsibilities**

##### Principal Investigators

- Make an initial determination if the relationship is a vendor/contractor or subrecipient.
- Approve subrecipient award, including final budget, and scope of work.
- Review subrecipient technical performance reports required under the subaward.
- Confirm subrecipient expenses are consistent with the work performed.
- Contact the subrecipient to get additional support for any expenses that appear inappropriate in coordination with departmental/center administrator.
- Conduct on-site visits as necessary to verify compliance with scientific objectives.

##### Department Chairs/Center Directors

- Provide oversight to PI and department/center administrators to ensure compliance with subrecipient monitoring requirements.

##### Departmental/Center Administrators

- Clarification of any charges which appear to be unallowable, unusual, or excessive.

##### Office of Research and Economic Development - Research Services (ORED-RS)

- Make the final determination if the relationship is a vendor or subrecipient.
- Obtain an approved proposal from the project subrecipients for inclusion in proposal submitted to project sponsor(s).
- Verify that potential subrecipient proposals have the proper approvals by authorized officials at the subrecipient's organization.
- Verify that proposal budget information is correct and comprised of allowable costs.
- Verify and obtain indirect cost and fringe benefit rates for potential subrecipients.
- Conduct a risk assessment of subrecipient(s) prior to executing a subaward agreement.
- Ensure subrecipients, principals, or those performing services under subrecipient agreements are not presently debarred, suspended, proposed for debarment, declared

ineligible, or voluntarily excluded by any federal department or agency from participation.

- Determine what form of monitoring is required for subrecipients not subject to the Single Audit.
- Verify subrecipient certifications and required compliance approvals including IRB, IACUC, biosafety, radiation safety, conflict of interest, etc. Secure updated certifications and compliance approvals as necessary.
- Prepare subrecipient agreement(s) that include appropriate terms and conditions of the prime award and such other terms and conditions as are necessary to address deficiencies identified in the subrecipient risk analysis.
- Ensure the subaward includes the data elements required under Uniform Guidance §200.331.
- Document review of subrecipient audit reports as applicable under Uniform Guidance Subpart F – Audit Requirements in coordination with the Office of Sponsored Programs.
- Forward potential conflict of interest (COI) cases to the Institutional Official for Conflict of Interest. Assure that sponsor requirements for investigating and reporting on COI are followed prior to executing awards or modifications.

Vice President of Finance and Administration, Office of Sponsored Programs (OSP)

- Conduct and document review of subrecipient audit reports as applicable under Uniform Guidance Subpart F – Audit Requirements in coordination with ORED-RS.
- Issue a management decision for any subrecipient audit findings as required by Uniform Guidance §200.521.

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**Responsible Division/Unit:** Administration / Office of Research and Economic Development, Office of Sponsored Programs

**Links:**

Federal Regulations:

[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

**Associated Regulations, Policies, and Forms:**

**Approved:**