

Subrecipient Monitoring Policy and Procedures

Policy Statement

It is the policy of Smith College to administer subawards consistent with the requirements of the OMB Uniform Guidance, and in accordance with the requirements of the institution, the applicable sponsor regulations, and the terms and conditions of the prime award. As the prime sponsored award recipient (the Pass-through entity), Smith College is responsible for ensuring that performance goals are achieved and the scope of work is met while sponsor funds are managed appropriately. The goal of the procedures described below is to ensure that the subaward satisfies institutional and governmental reviews as well as governmental audits while providing adequate stewardship of the research enterprise at Smith College.

This policy applies to all subawards issued by Smith College under both federal and non-federal sponsored prime awards made to Smith College. This policy does not apply to professional services and consultant agreements or the procurement of goods or services from contractors.

The following are the procedures the College follows to achieve Uniform Guidance subrecipient monitoring requirements.

Subrecipient and contractor determinations

The College must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

PreAward Subrecipient Monitoring

The Sponsored Research Office, in conjunction with Grants Administration (within the Finance Office), handles all pre-award subrecipient monitoring activities. All grant proposals to external funding sources must first be reviewed and approved by the Sponsored Research Office and Finance Office prior to submission.

<http://www.smith.edu/deanoffaculty/sro.html>

To be included in a proposal submission, a subrecipient must provide:

- Statement of work
- An itemized Budget
- All required representations and certifications
- Most recent audit report, if required
- Subrecipient Risk Assessment Questionnaire Form
- A letter of intent to enter into a subaward agreement.
 - Prepared on official letterhead of the subawardee institution;
 - Signed by an authorized institutional official;
 - Reference the total budget amount proposed for the subawardee. Alternatively, the institutional official may sign the itemized budget page(s); and
 - If the proposal will be submitted to a federal sponsor, the letter should indicate that the subawardee will comply with all required federal representations and certifications.
- If a Subaward is not subject to the audit requirements of the Uniform Guidance (e.g., Foreign entities, For-Profit organizations), alternative documents will be requested. For subrecipients deemed to require closer scrutiny, PIs and administrators should work with the Sponsored

Research Office and Grants Administration to specifically describe applicable compliance requirements and responsibilities.

Negotiating and Executing Subaward Agreements

Grants Administration initiates and negotiates all subaward agreements. The Grants and Contracts Specialist creates the subaward agreement in consultation with the Associate Vice President for Finance, who authorizes all subaward agreements on behalf of the College.

Risk Assessment

Before executing subaward agreements, Grants Administration will perform a review of all potential subrecipients and perform a risk assessment. The criteria used in evaluating risk includes, but is not limited to, the Subrecipient's audit experience, the prior oversight and monitoring the Subrecipient has received, the nature and complexity of the proposed sponsored project, and fiscal maturity of the Subrecipient.

If there is a high level of risk associated with the subrecipient, Grants Administration will ensure the appropriate risk mitigation steps are taken and the necessary language is included in the subaward agreement.

Special Actions for High-Risk Subrecipients

When Grants Administration and the PI have categorized a subawardee as “high-risk,” they must decide whether or not a subaward should be issued and what special terms and conditions should be included in the subaward as well as what additional oversight requirements will be necessary to adequately monitor the subaward. Some of these additional monitoring requirements (e.g., more frequent reporting, shorter periods of performance or smaller, more frequent funding allocations, more detailed invoices or backup documentation) will become the responsibility of the PI and the Sponsored Research Office. Written agreements should be used to outline the responsibilities of the parties.

Subaward Site Visits and Site Audits

Depending on the nature of the award and subaward involvement, PIs and the Sponsored Research Office may elect to engage in a site visit to a subaward to verify their programmatic, financial and technical competency.

Imposition and Monitoring of Corrective Action Plans

In the event there are audit findings that relate to the funding provided by Smith College under any Subawards, the PI will require compliance by the subawardee with a Corrective Action Plan, as required by the Uniform Guidance. The PI will also monitor the subawardee’s compliance with this plan.

If the subawardee fails to have an audit performed in accordance with Smith College’s requirements, does not exhibit reasonable diligence in adhering to subaward terms and conditions (including reporting and invoicing requirements) or does not fulfill its Corrective Action Plan, the PI in conjunction with Sponsored Research Office / Grants Administration may impose sanctions. These sanctions may include withholding of payment, suspension of the subaward agreement or termination of the relationship.

Post-Award Subrecipient Monitoring

The PI is responsible for tracking and monitoring technical progress of the subrecipient to ensure the efforts outlined in the subaward agreement scope of work are being met and reimbursements are made in

relation to technical progress. Technical reports can be requested as needed by the PI and should supplement informal communications. If there are specific deliverables or reporting requirements, the PI and Grants Administration should include these in the subaward agreement. The PI is responsible for verifying all subrecipient's certified invoices and should not approve invoices if the appropriate technical progress has not been made.

All subrecipient invoices should include:

- Project Name
- Invoice Number
- Subaward Agreement Number
- Current Period Expenditures
- Total Expenditures to Date
- Fiscal Agent Certification per Uniform Guidance: *I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812).*

Grants Administration also reviews invoices and other deliverables regularly and if necessary, helps determine if there is impact on Smith College and creates appropriate corrective action plans.

Annual Subrecipient Monitoring and Record Retention

Smith policy requires that subawardees must provide a complete copy of their most recent independent Federal Single Audit report. These audit reports are reviewed by Grants Administration annually. Their review determines whether there are reportable conditions relating to the subaward internal controls, noncompliance by the subawardee with laws and regulations, questioned costs in the subaward financial statements or other reportable audit findings, which might affect a Smith College sponsored program.

Additional procedures may be performed depending on the level of risk associated with the subrecipient (see Risk Assessment, above) and expectations for corrective actions, site visits, etc.

Closeout of Subawards

A Subaward is closed out when its period of performance comes to an end, regardless of whether Smith College's research project is ending or continuing. When feasible, it is advisable for a subaward period of performance to be slightly shorter than Smith College's, to allow sufficient time for collection and review of the subrecipient's final reports, verification of subaward data and incorporation of the subrecipient's research results into Smith College's final technical report to the sponsor.

Definitions

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.

Low Risk – Subawardees include entities with current annual single audits containing “unqualified” opinions on their financial statements and which have no reported material weaknesses in their internal controls.

High Risk – Subawardees are entities which have not completed annual single audits or whose audit results have demonstrated weaknesses in administering Federal funding, a history of failing to adhere to applicable provisions of contracts and grant agreements or weak internal control structures. High-risk subawardees can also include start-up entities with limited resources or prior experience in performing research

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.

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).

Sponsored award – Funding arrangement in which the College 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.

Subrecipient (subcontractor or 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.

Uniform Guidance – OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR 200).