

## Federal Subaward Procedures and Subrecipient Monitoring Guidelines

Adopted: May 13, 2022

These procedures operationalize the Arcadia policy on *Subrecipient Determination and Monitoring on Sponsored Awards* to comply with the Uniform Guidance requirements. These procedures will involve monitoring efforts from Financial Services (FS), Office of Sponsored Research Programs (OSRP), and Principal Investigators (PIs). These procedures do not preclude additional monitoring efforts if there is any question about the subrecipient’s ability to ensure proper use and financial management of federal funds during any stage of the award.

### PRE-SUBAWARD REQUIREMENTS

#### **Subrecipient versus Contractor/Consultant Determination (Responsible Lead Party (RLP): OSRP with FS consultation)**

- Perform analysis based on UG criteria and statement of work supplied by PI and determine whether the organization to receive federal funds under the project should be classified as subrecipient or contractor/consultant.
- Subaward versus Consulting: It is often difficult to determine whether certain outside services needed by a grant project will be performed under a subaward agreement or a consulting agreement. The following chart will be used to guide the determination.

Subaward Agreement	Consulting Agreement
Given to colleges and universities, other institutions and organizations;	Given to independent contractors (individuals) or consulting organizations for professional services;
Makes substantial contributions to the project that may not be reduced to a set price per unit;	Provides similar goods and services to many different purchasers,
Often has more autonomy in the completion of the work, within the parameters of the agreed-upon work plan, timeline, and budget;	Services are primarily advisory in nature and address a clearly delineated problem;
Has responsibility for programmatic decision making;	Ordinarily, does not have responsibility for programmatic decision making;
Has its performance measured against whether the objectives of the project are met,	Tasks are specific, well-defined and of limited scope;

Has responsibility for adherence to applicable program compliance requirements.	Are not subject to compliance requirements of the grant program.
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\* This guidance is informed by A Guide to Managing Federal Grants for Colleges and Universities; the National Council of University Research Administrators and 2 CFR 200.

**Determine if Cost Reimbursable or Fixed Amount Subaward (RLP: OSRP with FS consultation)**

- Cost reimbursable subawards will be used in most cases.
- Fixed amount subawards may only be used with prior written approval of the Federal awarding agency up to the Simplified Acquisition Threshold (currently \$150K)

**Pre-Subaward Review (RLP: OSRP with FS approval of the subrecipient’s risk determination)**

A pre-subaward review is required in the case of a subaward under a federally sponsored project subject to the requirements of 2 CFR 200, unless there is a current review for the organization which has been conducted in the last 12 months. OSRP will keep an Excel spreadsheet tracking the subaward review date, entity, and risk level. OSRP will perform this review with FS approving the risk assessment questionnaire which determines the risk level.

If a current review exists, note the expiration date of the review in the pre-award file and use it – this satisfies the requirement of pre-subaward review and no further steps are required. If there’s no review on file, or it’s expired, the following procedures need to be performed:

1. All Sub recipients will complete an Arcadia University Subrecipient Commitment Form.
2. Determine Assessment Path (Federal Single Audit [formerly A-133] or Financial Questionnaire):

**(a) If subrecipient is subject to the Federal Single Audit**

- Federal Audit Clearinghouse (FAC) will be checked for the subrecipient’s most recent report (most recent report should be within nine months of the end of the subrecipient’s most recent fiscal year.)
- The report will be reviewed to see if there are findings that related/potentially related to Arcadia University subawards. If there are findings that relate to Arcadia University subawards, the subaward may be determined to be elevated risk. If there are no findings, the entity will be designated low risk.

**(b) If subrecipient is not subject to a Federal Single Audit**

- The Subrecipient Commitment Form will be completed by the subrecipient and reviewed. In addition to asking questions about financial, accounting, internal controls, the questionnaire also requests that various related documents are to be provided.
- The subrecipient’s documentation is reviewed by OSRP. Then, OSRP completes the risk assessment questionnaire (NCURA template) and assigns a risk category of low or elevated. FS representatives reviews the documentation and verifies the appropriateness of the decision by signing the risk assessment questionnaire form. If an elevated risk category is assigned, the subaward will be subject to additional monitoring procedures indicated in the subaward documentation.

## Risk Review Categories

There are three risk levels established for subrecipients: low, medium, and high risk.

1. **Low Risk:** Those with a Federal Single Federal Audit without findings related to the subaward will be designated Low Risk.
2. **Medium or High Risk:** Additional Factors/Considerations which may elevate Risk Level:
  - Length of working relationship and or previous experience with entity
  - Scope of the project
  - Responses to the Subrecipient Commitment Form which indicate that higher level of monitoring is required
  - No Single Audit
  - Single Audit with findings on Federal Grants

**Potential additional monitoring measures may be required in instances other than low risk:**

  - Inclusion of supporting documentation with invoices
  - More frequent monitoring reports
  - More frequent invoicing
  - Site visits

## Determine Indirect Cost Rate (RLP: OSRP in consultation with FS)

1. **If subrecipient has a current Federally-approved indirect cost rate (IDC) agreement:**
  - Review the current rate information and ensure the correct rate is used on the subaward budget.
  - Ensure rate is applied correctly: Modified Total Direct Costs (MTDC) versus salaries, wages and fringe benefits.
2. **If subrecipient does not have a current Federally-approved IDC rate agreement:**
  - a. If the subrecipient does not have an IDC rate, use de minimis rate of 10 percent applied to MTDC.

## POST AWARD REQUIREMENTS

### Receipt and Review of Subrecipient Invoices (RLP: FS and PI)

- FS will receive invoices from the subrecipient. If certain information is missing, FS will inform PI for resolution.
- FS will check to ensure the invoice has, at a minimum, expenses broken down by budget category and that the expenses were incurred during the authorized budget period of the subaward. If the invoice does not have the minimum requirements, the invoice will be returned to the subrecipient for correction. If the invoice is acceptable, FS will sign off on the preliminary review of the invoices will send to the PI for review and approval with the signature affixed to the reviewed invoice.

- The PI reviews and certifies to allocability, allowability, reasonableness of costs, provision of the required cost sharing if applicable, costs are within invoiced period. The PI also certifies that programmatic activities are proceeding per statement of work and are acceptable.
- Once the invoices have proper approvals, they are forwarded to Accounts Payable to payment processing to the subrecipient.
- Random reviews of the certified invoices will be conducted by FS to confirm the accuracy of the review process and identify needs for the additional PI training.

**Programmatic Monitoring (PI Responsible)**

- The PI is the individual with the ultimate responsibility for the administrative and programmatic aspects of the project including ensuring funds are spent in accordance with university and sponsor guidelines.

**Annual Single Audit Reports, formerly A-133 Reports, (RLP: FS in consultation with OSRP)**

1. If the subrecipient is subject to the Federal Single Audit:

- Annual Single Audit reports are obtained and reviewed only for Single Audit organizations which have one or more Arcadia University subawards active during the period covered by the audit.
- FS will obtain the most recent Single Audit Report from the Federal Audit Clearing House.
- FS will review the Single Audit Report and update the Arcadia University Subrecipient Spreadsheet in consultation with OSRP with a risk category of “low” to “medium” or “high”.
- If the risk assessment changes (either from low to elevated, or from elevated to low), the new risk assigned to the organization applies to all active project subawards for this particular organization, and the new risk level will be used for new subawards as they are issued.
- For every instance where there are findings that relate to the subaward, FS must document Arcadia University management decisions in a management letter. This letter should then be sent to the subawardee by FS. A copy should be kept on file.

2. If the subrecipient is not subject to the federal Single Audit:

- All /non-Single Audit subawardees are required to provide annual information consisting of a) updated completed questionnaire and b) most recent financial statements, if available. FS requests the documents, reviews together with OSRP for completeness, and updates the risk category.
- If the risk assessment changes (either from low to medium/high, or from medium/high to low), the new risk assigned to the organization applies to all active project subawards for this particular organization, and the new risk level will be used for new subawards as they are issued.
- Each non-Single Audit organization will only provide one updated completed questionnaire with financial statements each year regardless of how many subawards from Arcadia University that particular subawardee may have.

**Instructions for including Subawards in a proposal budget**

A subaward is a contractual document that conveys a portion of a project's scope of work to another organization. The other organization's budget must be included as part of the proposal package. If you plan to include a subaward in your proposal budget, the subrecipient must provide prior to proposal submission:

1. A sufficiently detailed scope of work/work schedule;
2. A detailed budget and narrative which complies with the funder's budget requirements and restrictions, the budget should accurately reflect the costs of completing the accompanying scope of work;
3. The Arcadia University Subrecipient Commitment Form signed by an authorized official of the subrecipient's organization.
4. Other documents as required for each specific submission.

### **Instructions for entering into Subrecipient Agreement on grant awards**

Once an award is made which requires a subaward, OSRP will initiate the agreement development process. NCURA Subaward Agreement Template or Arcadia University subaward agreement template is used to prepare the agreement. The agreement must be approved by the General Counsel. An Authorized Organizational Representative (AOR) of the Institution must sign a subrecipient agreement on behalf of the institution.

All subawards must have the signed agreement and also must have an authorized purchase order issued to the subrecipient as well. Subaward agreements should reference the Purchase Order (PO) number in the agreement and the PO number should be referenced on the invoices

*Note: The text was adapted from the document of the Providence College.*