



SAINT LOUIS  
UNIVERSITY

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## SUBRECIPIENT MONITORING POLICY

**Policy Number: RA-010**

**Classification:** Research Administration

**Responsible University Office:**

Vice President for Research

**Version Number: 1.0**

**Effective Date: September 1, 2009**

### 1.0 INTRODUCTION

Saint Louis University (the University) issues subawards to subrecipients to augment the University's core capabilities. Administration of these subawards is specifically addressed in Office of Management and Budget (OMB) Circular A-110. Specific monitoring requirements of the subrecipients are contained in OMB Circular A-133 and the accompanying Compliance Supplement.

The University is responsible for the subrecipients' use of federal funds and monitors the programmatic and financial activities of its subrecipients in order to ensure:

- proper stewardship of funds;
- achievement of performance goals (scope of work or specific aims).

OMB Circular A-110 requires the University to establish a system of internal controls to ensure that subrecipients use federal funds in accordance with laws, regulations and contract/grant agreements.

### 2.0 PURPOSE

As a condition of its acceptance of funding from sponsors, the University is obligated in its role as primary recipient to comply with federal, state and local regulations and to undertake certain stewardship activities. When the University assigns responsibility for conducting a portion of the work sponsored by an award to a subrecipient, the University remains responsible to the sponsor for management of funds and meeting performance goals. Thus, the monitoring of technical and financial activities associated with a subrecipient is an integral part of the University stewardship of sponsor funds.

The terms of the subrecipient relationship shall be documented in a negotiated agreement between the University, executed by the Office of Research Services (ORS), and an

authorized representative of the recipient organization. Compliance with the terms and conditions of such agreements will be monitored during the life of the agreement.

This policy seeks to:

- promote stewardship of funds used to pay subrecipient organizations;
- promote appropriate unit-level and individual responsibility and accountability for contractual subrecipient relationships;
- promote compliance with federal, state, and other legal requirements related to subrecipient monitoring; and
- ensure that the University and its sponsors receive value for funds expended.

### 3.0 APPLICABILITY

This policy applies to all subawards issued under sponsored awards made to Saint Louis University and without regard to the primary source of funding. It does not apply to consultant agreements or procurement of goods or services from vendors.

### 4.0 DEFINITIONS

- 4.1 CFDA Number:** The Catalog of Federal Domestic Assistance ([CFDA](#)) Number. Each federally funded assistance program is assigned a unique five digit number. The first two digits identify the agency and the last three digits identify the program.
- 4.2 Excluded Parties List System (EPLS):** The federal government website that lists all organizations that are barred from receiving federal funds.
- 4.3 Federal Awarding Agency:** The federal agency funding both University activities and subrecipient activities for which the University passes through such funding.
- 4.4 Harvester:** The Federal Audit Clearinghouse website that contains data pertaining to audit reports for entities subject to A-133 audits.
- 4.5 Director: Individual responsible** for Pre-Award or Post-Award Services (or equivalent) in the Office of Research and Innovation.
- 4.6 Principal Investigator (PI):** The individual responsible for the development, writing, and conduct of a sponsored award, including primary responsibility for the technical and fiscal management of the award.
- 4.7 Prime Award:** The award made to the University by the federal awarding agency.

- 4.8 Office of Sponsored Programs (OSP):** An administrative office established to manage administrative duties and monitor compliance for externally sponsored program activity.
- 4.9 Grant Accountant:** An accountant within the OSP responsible for project accounting.
- 4.10 Subaward:** An agreement into which the University and another entity enter in which the University agrees to fund the entity to conduct a portion of the tasks required to complete a Prime Award received by, and in collaboration with, the University. The subaward document identifies all terms and conditions of the agreement. Procuring expertise such as consulting and buying products typically do not qualify as subawards.
- 4.11 Subaward Negotiator:** The individual responsible for negotiation and execution of subaward agreements. Subawards must be negotiated by the Office of Research Services as described in Policy: Sponsored Awards
- 4.12 Subrecipient:** An entity with which the University enters into an agreement to perform a portion of the tasks specified in the Prime Award made to the University.
- 4.13 Subrecipient Monitor:** The Grants Accountant in the Office of Sponsored Programs who is responsible for the Subrecipient Monitoring Program at the University.
- 4.14 eRS System: The electronic grants management system used by SLU investigators and research administrators to submit proposals and accept awards.

## 5.0 POLICY

**5.1 Subrecipient monitoring starts with the preparation and issuance of the subaward document, continues through the execution of the subaward, and ends after all conditions of the subaward have been met and the subaward is closed.**

### 5.2 Before Execution of Subaward

The PI must provide a scope of work and budget for the subaward developed in collaboration with the subrecipient. A subaward should be initiated during the development of a funding proposal. Before proceeding with work or issuing a subaward, the following must be completed:

- Sponsor approval for the subaward,
- Approval by a Director, and
- Complete Subaward/Vendor Checklist.
- Check Subawardees name through CCR.gov to ensure they are registered

The Subaward Negotiator(s) on each campus is responsible for informing all subrecipients of the federal laws and regulations that pertain to the subrecipient as a result of accepting federal funding. If the subaward is federally funded, the University

must provide the federal award information including, but not limited to, the CFDA number, prime award number, federal agency issuing the prime award, if the award is ARRA funded, and all applicable compliance requirements. If the subrecipient is a for-profit or foreign entity, the University may be required to include specific federal compliance requirements in the subaward document. If the University imposes additional requirements on the subrecipient, then those requirements must be identified in the subaward documents. A copy of the subaward must be provided to the Subrecipient Monitor.

The Subaward Negotiator must identify a point of contact (POC) for administration including the POC name, mailing address, phone number, fax number and email address and enter the information in the eRS system. This information is critical for detective controls that will be used in the subaward monitoring phase of the agreement.

In collaboration with the PI or their delegate, the Subaward Negotiator must complete a subaward/vendor checklist and document that the transaction is indeed a subaward verses a purchase transaction. The completed form must then be attached to the completed subaward and kept with the permanent records of the sponsored award.

The Subrecipient Monitor will check the current list of subrecipients to determine if there is current monitoring information for the potential subrecipient and document the results. If there is no monitoring information or the monitoring information is out of date (more than one year old), then the Subrecipient Monitor will send the subrecipient the Subrecipient Monitoring Letter and Subrecipient Monitoring Questionnaire and note it in the tracking system.

The Subrecipient Monitor will notify the subrecipient that the subaward may be issued prior to receipt of these documents. If the required documents are not returned within 30 days, a second notice will be mailed and no invoices will be paid until these documents have been completed and received. If the required documents are not returned within 30 days of the second notice, a third notice will be sent. In addition, the subrecipient will automatically be deemed “high risk” and be subjected to additional monitoring. Payments will continue to be withheld until the required documents have been received, reviewed, and the level of risk has been determined. If the entity is deemed high risk and additional monitoring is required, the additional monitoring may have to be completed before payments are released, based on the Subrecipient Monitor’s assessment and judgment if the circumstances and level of risk involved.

### **5.3 Subaward Project Monitoring Phase**

The University monitors the use of federal funds to include compliance with all laws and regulations cited in the subaward document during its execution and may include:

- the review of required periodic financial and technical reports submitted by the subrecipient;

- regular contact with the subrecipient by both the PI and the Subrecipient Monitor;
  - perform site visits at the subrecipient to review financial and programmatic records and observe operations; and
  - other means as deemed necessary to ensure compliance with the provisions of the subaward document.

While these controls are detective in nature, they provide an assurance that subaward execution is in compliance with all subaward provisions.

Once the completed Monitoring Letter and Monitoring Questionnaire are received, the Subrecipient Monitor will also review the Harvester Clearinghouse and /or provided financial statements in order to have enough data to complete a Risk Assessment Worksheet. If the subawardee has had previous agreements with the University the Subrecipient Monitor must check the subrecipient list to determine that the Risk Assessment Worksheet for the subrecipient is current and check the EPLS site for debarment or suspension before any payments are made. The results of these checks must be documented in the subrecipient list. If the Risk Assessment is not current or the subrecipient has been debarred, the Subrecipient Monitor will work with the Director of Sponsored Programs to determine appropriate actions.

#### **5.4 Subrecipient Review Phase**

All subrecipient financial or audit reports, letters and questionnaires submitted by subrecipients, regardless of where received, shall be forwarded to the Subrecipient Monitor.

Each month the Subrecipient Monitor will review and analyze a subrecipient monitoring information to determine the status of subrecipient monitoring and determine the date of the last monitoring activity across the system as a detective control. If the subaward monitoring information is incomplete, the Subrecipient Monitor will follow up with the subrecipient.

The Subrecipient Monitor and Director of Sponsored Programs will assess the subrecipient organization's financial status and internal controls and will establish terms and conditions in the subrecipient agreement consistent with the level of perceived risk.

#### **5.5 Yearly Review**

For those entities with active subawards that have not been reviewed within the past 12 months, the Subrecipient Monitor will note in the subrecipient list that the subrecipient does not have a current risk assessment. The Subrecipient Monitor then either will send the Subrecipient Monitoring Letter and Subrecipient Monitoring Questionnaire or, for those with incomplete information, take the follow-up action identified in the report. A Risk Assessment will be prepared after receiving the information. The cover letter should indicate that this is the second (or greater)

attempt to obtain information and no invoice payments will be made until the information has been returned.

## **5.6 The Subrecipient Monitor will:**

- Conduct a search of Harvester to determine the audit status of the subrecipient.
- Determine if the subrecipient has:
  - Audit findings
  - Questioned costs
  - Significant control deficiencies
  - Material control weaknesses
- Prepare the Risk Assessment,
- Review the audit and determine if a management decision may be required.
- If the subrecipient has audit findings, questioned costs, significant or material control weaknesses, the Director of Sponsored Programs will make a decision regarding the appropriate steps to take.

If there are no audit findings, the Subrecipient Monitor will document the date and results of the review and the review will be deemed complete. Upon completion of any necessary management decisions, the Director of Sponsored Programs will determine any appropriate adjustments to financials, or additional follow-up or monitoring deemed appropriate.

## **5.7 Additional Monitoring**

If a Subawardee is deemed to be high risk and subject to additional monitoring, the University may require:

- Additional backup documentation submitted with invoices,
- A desk audit of the activity on the award,
- A site visit with the PI,
- A site visit with the Subrecipient Monitor, or
- An external audit of the University's grant funds.

## **5.8 Conflict of Interest**

When a Principal Investigator has an interest in or a relationship with the subrecipient entity, it shall be disclosed and, where appropriate, managed by the University's Conflict of Interest Committee. Subrecipients will be required to confirm that they have systems in place that conform to all federal regulations regarding Conflict of Interest. If no such system is in place, subrecipients will

complete disclosure forms and other documents necessary to ensure that all conflicts are reduced, managed, or eliminated.

## **6.0 Responsibilities**

### **6.1 Subaward negotiator**

- Obtain federal agency approval before work begins and before issuing the subaward
- Inform subrecipients of federal laws, regulations and compliance requirements
- Implement additional compliance requirements imposed by the University
- Inform federally funded subrecipients of CFDA number, prime award agency, and prime award number
- Ensure subaward includes necessary specific compliance requirements for for-profit or foreign entities
- Document subrecipient administrative POC information
- Complete Subaward/vendor checklist and document conclusion

### **6.2 Subrecipient Monitor**

- Review Subrecipient list for new and expired subawardee
- Obtain and review Subrecipient Monitoring Letter, Subrecipient Monitoring Questionnaire, Harvester reports, and financial Statements from subawardees
- Conduct risk assessment and document conclusion
- Receive and review executed subaward document for completeness including POC

### **6.3 Director- Sponsored Programs**

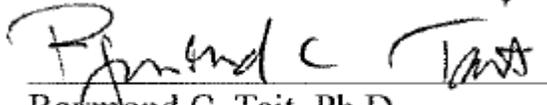
- Complete Management decisions
- Determine appropriate additional monitoring activities for non-compliant subawards
- Determine any necessary adjustments to university financial records if necessary

**APPROVAL SIGNATURES**

This policy was developed by:

The Office of the Vice President for Research

This policy has been approved by:

 Raymond C. Tait, Ph.D. Vice President for Research Saint Louis University	September 1, 2009 Date
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September 1, 2009	1.0	New Document