

University of Central Arkansas
Extramural Funding Policies and Procedures

Policy/Procedure Name: Sub-recipient Monitoring
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Approved by: Council of Deans 1/28/09
Council of Vice Presidents (Senior Staff) 3/2/09
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Purpose

The following policy establishes the guidelines for monitoring the activities of sub-recipients who receive sub-awards from the University of Central Arkansas (UCA) sponsored programs awards.

Policy

OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” defines pass-through entities, recipients, sub-recipients and vendors in Sub-part B. In general terms, a pass-through entity is either a direct recipient or sub-recipient of Federal funds that passes a portion of the work and funds to yet another entity (herein after referred to as the sub-recipient). In a case where UCA acts as the pass-through entity, Sub-part D of A-133 sets forth UCA responsibilities for sub-recipient monitoring. The term “sub-award” is used in this document to describe the legal document used to establish the pass-through terms with a sub-recipient.

The need for a sub-award is normally made at the proposal stage. The Principal Investigator writes the scope of work for the potential sub-recipient. The scope of work describes exactly the work the sub-recipient must do to meet the terms of the sub-award. The scope of work is also used to justify sub-recipient selection in cases where a sole-source justification is required. When selecting a potential sub-recipient, the Principal Investigator should be aware of the “Codes of Conduct” section (subpart C.42) of OMB Circular A-110 (“Uniform Administrative Requirements for Grants and Agreements for Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations”).

Monitoring and Compliance Responsibilities

UCA is responsible for monitoring the activities of its sub-recipients to ensure that Federal awards are used in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved as follows:

- Ensure that sub-recipients expending \$500,000 or more in federal awards during the sub-recipient's fiscal year comply with OMB Circular A-133.
- Ensure that appropriate corrective action is taken within six (6) months after receipt of the sub-recipient audit report in instances of noncompliance with Federal laws and regulations.
- Consider whether sub-recipient audits necessitate adjustments of the University's own records.
- Require that sub-recipients permit independent auditors to have access to the records and financial statements necessary in order for the University to comply with A-133.
- Provide the Catalog of Federal Domestic Assistance (CFDA) number to the sub-recipient when issuing a subaward or subsequent change.

The following units are responsible for the monitoring of sub-recipients and the receipt of sub-recipient audit reports:

- The Sponsored Programs Office (SPO) is responsible for the development of the sub-award and for inclusion of all applicable OMB requirements, disclosures, and for obtaining the proper signatures on the sub-award. SPO is also responsible for the risk assessment of sub-recipients and verifying that they are not debarred or suspended from receiving federal funds.
- Principal Investigators/Departments and Colleges and/or SPO with the aid of the university Grants Accountant are responsible for monitoring periodic progress reports and invoices from the sub-recipients for compliance with the terms of the contract. Invoices should be checked to ensure that they are reflective of progress. Non-compliance with technical reporting requirements or dissatisfaction with level of sub-recipient progress should be reported immediately to SPO.
- Monitoring the sub-recipient's compliance with audit, financial and equipment reporting requirements is the responsibility of Grants Accounting or SPO. These responsibilities are outlined below.
- Ensure that a current certification or A-133 audit report is submitted annually.
- Review reports and letters submitted by sub-recipients for instances of noncompliance or reported findings to determine whether adjustments are need to the University's records.
- In instances of noncompliance, Grants Accounting will seek to obtain assurance from the sub-recipient that corrective action efforts have taken place and shall review management's corrective action plan.

- Retain certifications and report for a period of three years or longer if required by the sponsor after termination of the subcontract.
- Send letters and make follow-up phone calls requesting certifications or A-133 reports not received for the prior fiscal year within two weeks of the initial request for certifications. The audit report is due nine months after the end of the audit periods (typically the end of an organization's fiscal year).
- If the sub-recipient fails to establish that corrective action has been taken, Grants Accounting or SPO will refer the sub-recipient to University Legal Counsel for a management decision, where the proper course of action will be determined. In noted instances of non-compliance, Grants Accounting or SPO will maintain documentation of action taken and results of such action.
- Note: This policy is subject to change with regard to federal and state agency guidelines. Modifications to any aspect of this policy may be implemented at any time, as determined by the Provost. Such modification may occur through amendment of this policy or through written notice to the deans/heads of affected units.