

SUBRECIPIENT MONITORING
April 2008
Policy 2.1.06

Policy:

The KU Medical Center Research Institute requires that subrecipients be monitored to ensure compliance with Federal laws, regulations and requirements. The Principal Investigator is responsible for the supervision of the technical progress of the subaward.

Purpose:

Monitoring of subrecipients is a collective effort made by KUMC Research Institute staff, Principal Investigators and departmental staff, and the subrecipient institution that occurs throughout the life of the subaward. For subawards of \$500,000 or greater in a fiscal year, the Office of Management and Budget Circular A-133 requires that subrecipients receiving Federally-funded subawards be closely monitored to ensure Federal compliance requirements. As the Prime Funding Recipient, KUMC Research Institute is responsible for ensuring that procedures are in place to monitor subrecipients on a consistent and timely basis, and to ensure audit requirements are fulfilled and any audit findings are resolved.

KUMC Research Institute, as the pass-through entity for the subaward, has the responsibility of informing the subrecipient of all regulations and requirements associated with the award. The responsibility also falls on the Research Institute to determine that a subrecipient meets all criteria of eligibility.

Procedures:

Pre Award:

Principal Investigator:

- Includes subrecipient information in proposal
- Obtains sole source justification if necessary

Subrecipient:

Subrecipients must demonstrate that they are willing and able to comply with the requirements set forth in the award. This includes, but is not limited to: financial system and internal control systems; conflict-of-interest; human and animal subjects approvals; the regulations of OMB A133; and the skills, location and ability necessary to perform the requirements of the award.

- Must meet eligibility determinations.
- Pass debarment and suspension check (www.thefdp.org)
- Be fully informed of all applicable laws and regulations.
- Submit an official proposal to be included in the Prime Institution's proposal:
 - Statement of work and deliverables
 - Budget and budget justification
 - F&A and Fringe Benefits at approved Federal rate
 - Cost Sharing commitment
 - Approval signature of institutional official

Life of Award:

Principal Investigator:

The Principal Investigator (PI) of the Prime Institution is the individual with the education and experience to determine whether a subrecipient is meeting its obligations of the subaward. Therefore, it is imperative that the PI be in regular communication with the subrecipient PI to track and monitor technical progress.

- Regularly tracking technical progress of subrecipient
- Regular contact with the subrecipient Principal Investigator
- Review and certify invoices

Subrecipient:

- Meets all compliance regulations
- Submits detailed invoices on time
- Regular reporting of progress
- Provides annual review of audit status and take corrective action if necessary.
 - Document when corrective action will be taken
 - Document that actions will be consistent with A133 requirements

Post Award Administrator:

- Tracking that subrecipient is submitting invoices on time
- Monitoring Invoices
 - Invoices arrive on a pre-determined schedule (i.e.; monthly)

- Correct level of detail is provided (itemized)
- Adequate documentation is provided
- Review to be sure there are no duplicate costs or invoices
- Items invoiced are in accordance to OMB A-110
- Invoices arrive within the time frame of the subaward
- Expenses coincide with research performance
- Invoices are certified by an institutional official at the subrecipient site.
- Obtains PI certification to process payment
- Annual review of audit reports. If there are findings, follow up on corrective actions.

Close Out:

Principal Investigator:

- Review deliverables (technical reports and other items)
- Review final invoice
- Final invention/patent report, if applicable
- Final technical report

Subrecipient:

- 90 days before the award end date, communicate with Prime if the project will be completed on time
- File an audit report (or equivalent)
- Submit invoice marked as "Final"
- Submit all close out reports no later than 60 days after subaward end date

Post Award Administrator:

- 30 to 90 days *before* the award end date, request an itemized invoice marked "FINAL".
- Obtain all required reports from the subrecipient
- Settle any disputed or unallowable costs
- Verify fulfillment of cost sharing commitments
- Verify compliance with Research Records Retention Policy
- Verify the subrecipient has filed an audit report (or equivalent)

Foreign Entities:

- Consider fixed price contracts
- Determine how fluctuating currency rates will be addressed
- Review U.S. Dept of Commerce Bureau of Security and Industry's Denied Persons List: <http://www.bis.doc.gov/dpl/default.shtm>

Definitions:

Debarment and Suspension: Actions taken by the federal government (Executive Order 12549 and FAR 521.209-5) against organizations or individuals who have committed fraud or a criminal offense in violation of federal law. Institutions are not allowed to contract with these organizations or individuals where federal funds are involved.

Denied Persons List: A list of individuals and entities that have been denied export privileges. Any dealings with a party on this list that would violate the terms of its denial order is prohibited.

Office of Management and Budget (OMB) A-133: Circular establishing standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

Prime Institution: Applicant institution which has been awarded the primary grant, contract, or cooperative agreement.

Sole Source Justification: A written statement that the vendor chosen for procurement is the only vendor that is capable of supplying the commodity or service; the "sole source". This may occur when the goods or services are specialized or unique in character.

Subaward: An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services.

Subrecipient: The legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided.

Vendor: A dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of the research.

Responsible Parties:

The Principal Investigator is ultimately responsible for the monitoring of subrecipient progress and adherence to established regulations.

Exemptions:

For subawards less than \$500,000 in a fiscal year, a financial questionnaire may be completed by the subrecipient in lieu of an audit.

Related Policies and Links:

Executive Order 12549: <http://www.epa.gov/isdc/eo12549.htm>

Federal Acquisition Regulation: <http://www.arnet.gov/far/>

Federal Demonstration Partnership: www.thefdp.org

KUMC Research Institute Policy 7.1.08: Research Records Retention:

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/Records_Retention.pdf

Office of Management and Budget A-133: <http://www.whitehouse.gov/omb/circulars/a133/a133.html>

U.S. Department of Commerce Bureau of Security and Industry's Denied Persons List: <http://www.bis.doc.gov/dpl/default.shtm>

Contacts:

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History:

Original Issue Date: 4/1/2008

Current Issue Date: 4/1/2008

RAC approved: 4/30/2008

Effective date: 5/6/2008