

# Bemidji State University Policies

<b>Policy Name:</b> Sub-recipient Monitoring Policy for Grants & Sponsored Programs	<b>Effective Date:</b>
<b>Policy Owner:</b> Vice President for Finance and Administration	Last Review: 4/24/2020
	Next Review: 9/22/2022

**Policy Statement:** The Sub-recipient Monitoring Policy was enacted to ensure that Bemidji State University comply with the Federal laws and regulations and the provisions of the agreement concerning sub-recipients on any Federal awards.

**Background:** The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, 2 CFR 200, Dec. 26, 2014, ("Uniform Guidance") sets forth standards for obtaining consistency and uniformity in organizations expending Federal awards. In instances where the award recipient subcontracts with another organization to perform duties required or necessitated by the research award, the award recipient is considered to be a *pass-through entity*. As a pass-through entity, the award recipient has monitoring obligations to ensure that the entity uses the award for authorized purposes and that the goals of the award are achieved.

**Scope and Purpose of Policy:** Bemidji State University is responsible for monitoring the programmatic and financial activities of its sub-recipients in order to ensure proper stewardship of sponsor funds. This policy addresses institutional responsibilities and assists Principal Investigators (PI) and staff to ensure that, in addition to achieving performance goals, sub-recipients comply with Federal laws and regulations and with the provisions of any agreements that govern the sub-award. For the purpose of this "Sub-recipient Monitoring Policy", the records of Bemidji State University are referred to within this document as the University unless specifically noted.

## Definitions

**Sub-recipient:** a person or agency that has programmatic decision-making responsibilities for performance in carrying out a portion of the research or project.

**Principal Investigator (PI):** a person with the primary responsibility for monitoring sub-recipients' progress, and ensuring compliance with Federal regulations and both prime and sub-recipient award terms and conditions.

## **Procedures:**

### **Roles and Responsibilities**

Bemidji State University must ensure that its sub-recipients comply with the Uniform Guidance administrative requirements, cost principles and audit requirements. The University responsibilities include:

- Informing the sub-recipient of all applicable federal laws and regulations of the agreement by attaching to the sub-agreement a copy of the agreement that Bemidji State University has with the prime award stating the terms and conditions that will flow down to the sub-recipient.
- Establishing a system to monitor the performance and activities of the sub-recipients'
- Making sure that all costs of the sub-award are in accordance with the cost principles and procedures applicable to the award agreement (cost are necessary, reasonable, allocable, and allowable),
- All questioned costs will require additional information from the sub-recipient.

### **Federal Funding Accountability and Transparency Act (FFATA)**

The Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109–282), as amended by section 6202 of Public Law 110–252, recipients must report information for each subaward of \$25,000 or more in Federal funds and executive total compensation, as outlined in Appendix A to 2 CFR Part 170. The FFATA reporting requirements apply for the duration of the project period. Subawards to individuals are exempt from these requirements.

As of October 1, 2010, all Federal sub-awards of \$25,000 or larger are subject to the FFATA sub-award reporting requirements. Sub-recipients must maintain an active registration in the System for Award Management (SAM.gov) in order to receive federal funding. The prime awardee is required to file a FFATA sub-award report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$25,000. The sub-recipient information is loaded into Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS) at <https://www.fsrs.gov/index>.

When the sub-award amount is \$25,000 or larger, the following information is obtained from the sub-recipient to meet the FFATA requirements:

- Name of entity receiving award
- Amount and date of the award
- Funding agency
- Catalog of Federal Domestic Assistance (CFDA) number
- Program source
- Award title descriptive of the purpose of the funding action
- Location of the entity (including congressional district) of
- Place of performance (including congressional district) of
- Sam.gov registration

- Unique identifier of the entity and its parent (Data Universal Numbering System - DUNS)
- Total compensation and names of top five executive (same threshold for prime) if:
  - More than 80% of annual gross revenues from the federal government and those revenues are greater than \$25 million annually
  - Compensation information is not already available through reporting to the SEC

If a sub-award is requested after a prime contract is executed and no FFATA information was obtained by the pre-award, this information must be obtained before the sub-award will be executed.

**Principal Investigators (PIs) or designee** will review sub-recipient invoices, identifying and following up on questionable expenditures, if necessary, and maintaining documentation of monitoring efforts. The PI may provide further training and guidance in interpreting regulations and sub-recipient award terms and conditions.

**Grants Accounting Officer** will ensure that the University's sub-recipient monitoring policies and procedures comply with federal and other applicable regulations and are applied consistently.

### **Requirements**

The responsible PI should determine the frequency and scope of monitoring procedures. The Principal Investigator (PI) should use the following sub-recipient monitoring procedures when appropriate:

- Before executing a subagreement, the Grant Accounting Officer, in coordination with the PI, will conduct a risk assessment to determine the risk involved with the sub-recipient. This process is documented on the "Bemidji State University's Sub-Recipient Risk Analysis". A monitoring plan is developed based on the risk involved using the results of the assessment.
- The PI should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated and addressed by the appropriate authority.
- The PI and/or designee should perform an expense to budget comparison for cost-reimbursement subagreements. The sub-recipient's invoices must be itemized with the description that includes dates of travel, expense and the Time & Effort report documentation.
- The PI and/or designee should review invoices regularly and document their review. Such documentation should include: PI initials or authorizing signature on invoices.

- The PI and/or designee should request the sub-recipient to provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. Examples of detailed justifications include:
  - Time & Effort reports
  - Copies of paid invoices showing itemized cost
  - Details of incurred travel charges stating the purpose of the travel
- The PI, at their discretion, may facilitate on-site visits to evaluate compliance with regulations and award terms. This evaluation may include a review of the project's scientific objectives, and the appropriateness of the sub-recipient's administrative systems, processes and charges.

### **Sub-award Closeout**

An integral part of the sub-award monitoring is close out of the grant at the end of the project period. The Principal Investigator and Grant Accounting Officer make a final determination if the sub-award has fulfilled all of its responsibilities under the agreement. The sub-award is closed when all deliverables have been met and the final payment has been made.

Then Principal Investigator, in collaboration with the business office, will begin closeout review at least sixty days prior to the conclusion of the sub-award period of performance. This will allow time to make any budgetary actions or request extensions to the awarding agency. Generally, sub-awards should be processed for closeout and formally closed within sixty days following the sub-award end date. Depending on the prime award-funding source, closeout may be required sooner.

The Principal Investigator is responsible for obtaining technical/progress reports and patent invention documentation from the sub-recipient. The Grant Accounting Officer is responsible for obtaining any equipment reports, the final invoice, and the final financial report from the sub-recipient. The Grant Accounting Officer will coordinate with the Principal Investigator to verify the sub-recipient has met all deliverables and that the final payment is okay to released.

### **Rationale:**

Policies and procedures will be in place for Sub-recipients that comply with the accountability guidelines set forth in the "OMB Uniform Guidance (Super Circular)". Additionally, any individual working with and/or charging time to a grant will have guidelines in place to ensure that the costs incurred are necessary, reasonable, allocable, and allowable according to Federal guidelines.

**Supporting References:**

- OMB Circular A-21 Cost Principles for Educational Institutions – *superseded by OMB Uniform Guidance (Super Circular)*
- OMB Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations – superseded by OMB Uniform Guidance (Super Circular)*
- OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations- superseded by OMB Uniform Guidance (Super Circular)*
- Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")