



Policy

Marshall University Research Corporation
One John Marshall Drive
Huntington, WV 25755
Phone 304.696.6598
Fax 304.697.2770

Title	Sub-recipient Monitoring
Policy No.	MURC-012
Effective Date	July 1, 2018
Last Revision Date	March 22, 2019

POLICY STATEMENT:

The Marshall University Research Corporation (here after ‘MURC’) is responsible for monitoring the activities of its sub-recipients to ensure that awarded funds are used for authorized purposes and performance goals are achieved. MURC is committed to complying with all sponsor administrative requirements and conditions established for the responsible management of extramural funding provided in support of research, training, and related activities.

PURPOSE:

The purpose of these procedures is to provide general guidance in fulfilling MURC’s obligations related to the management of sub-recipient agreements. These procedures apply to sub-awards and sub-recipients, as defined below. These procedures do not address the issuance or management of procurement contracts by MURC.

DEFINITIONS:

Pass-through entity – Non-federal entity that provides a federal award to a sub-recipient to carry out a federal program; sometimes referred to as the “prime” organization.

Principal Investigator (PI)– An individual designated by the recipient/sub-recipient to direct a project or program being supported by an award. He or she is responsible and accountable to the recipients/sub-recipient organization official for the proper conduct of the project or program, The recipient organization is, in turn, responsible and accountable to the sponsor for the performance and financial aspects of the award supported activity.

Sub-award – Enforceable agreement, issued under a prime sponsored project, between a pass-through entity and a sub-recipient for the performance of a substantive portion of the program; these terms do NOT apply to the procurement of goods or services from a contractor (vendor).

Sub-recipient (sub-contractor or sub-awardee) – Organization eligible to receive a financial award. A sub-recipient’s performance is measured against whether the objectives of the sponsored program are met; sub-recipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Sub-recipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services.

SUB-RECIPIENT REVIEW AND PROCESSING:

MURC will do the following as part of the sub-recipient review process:

- Confirm that potential or current sub-recipient organizations, and those directing work for them under a proposed sub-award, are not denied parties, specially designated nationals, or debarred or prohibited from doing business with the State of West Virginia or the U.S. Government;
- Annually review sub-recipient Federal audit reports to determine if any findings are relevant to sub-recipient compliance or project performance if applicable
 - Evaluate corrective actions taken by the sub-recipient in response to audit findings and assess the appropriateness of a sub-award
- Obtain and verify F&A and fringe benefit rates for potential sub-recipients
- Verify that sub-recipient proposal and award budget information is correct and comprised of allowable costs
- Confirm that the sub-recipient’s proposal has the approval of the MURC PI and appropriate department, school, or center officials
- Ensure that sub-recipient agreements proposed under Federal assistance awards include the Federal agency and the Catalog of Federal Domestic Assistance (CFDA) number as required by OMB Uniform Guidance and the Federal Funding Accountability and Transparency Act of 2006 (FFATA);
- Ensure that sub-recipient agreements on Federal awards include the Data Universal Numbering System (DUNS) identifier for all sub-recipients as required by the FFATA;
- Ensure that all Federal sub-awards include a clause requiring that sub-recipient’s invoices state that costs are in compliance with OMB Uniform Guidance and/or the sponsor’s requirements. Similar compliance statements will be required for non-Federal sub-awards;
- Ensure that sub-recipient agreements include appropriate conflict of interest language and, for sub-awards governed by Federal rules, state whether financial conflict of interest requirements of the sub-recipient or sponsor apply; and
- Ensure the inclusion of appropriate terms and conditions concerning closeout of the sub-award.

The above list is not exhaustive of all compliance requirements. In addition to the general compliance elements noted above, there may be additional sponsor or program requirements that necessitate the collection and documentation of assurances such as animal care & use, human subject protections, biohazards, etc. during the life of a project.

SUB-RECIPIENT MONITORING ASSESMENT:

MURC, the responsible University PI, and department grant administrators will jointly determine the frequency and scope of departmental monitoring procedures. A “risk-based” approach to sub-recipient monitoring is recommended with the frequency and intensity of monitoring driven by the terms of the prime award and the criteria identified below.

The following factors are illustrative of those used to determine the monitoring level appropriate for a sub-recipient. These assessment factors may be expanded as dictated by the nature of the work to be performed and the proposed sub-recipient’s performance history and management capacity. The following questions will be used by MURC to facilitate the establishment of the appropriate monitoring level for each sub-award.

- Is the sub-recipient located outside the U.S.?
- Will work be done outside the U.S. by the sub-recipient?
- Is the sub-recipient work export controlled?
- Is the sub-recipient a non-profit or government entity?
- Is prime award a contract or sub-award (rather than a direct grant)?
- Is amount of sub-award more than \$500k?
- Is amount of sub-award 50% or more of total MURC award?
- Does the sub-recipient have an established accounting system?
- Do audit results indicate weaknesses in the sub-recipient's procurement system?
- Does the sub-recipient have a negotiated indirect cost rate agreement?
- Is the sub-recipient subject to OMB Uniform Guidance?
- Is the sub-recipient using humans, animals, DNA, stem cells, etc.?
- Is the sub-recipient administratively mature?
- Is prime sponsor government owned & contractor operated?
- Is there potential for COI regarding the relationship between the sub-recipient and MURC PI?
- Are deliverables or tangible products pivotal to success?
- Is the administrative relationship between the sub-recipient and MURC positive?

After an evaluation of the above criteria, and upon identification of sub-awards requiring management oversight beyond general monitoring, appropriate monitoring actions will be taken to ensure compliance with sub-award performance, financial terms and conditions, sponsor requirements, and applicable State law, Federal law, rules, and regulations (see sub-recipient monitoring levels below).

In addition to routine monitoring procedures, MURC will work with MURC PIs and department administrators to establish channels of communication with sub-recipients where expanded oversight is necessary.

SUB-RECIPIENT MONITORING LEVELS

General Monitoring – includes those sub-recipients that require general monitoring, only (see general monitoring procedures below).

Advanced Monitoring – will be assigned to sub-awards under the following circumstances

- The administrative complexity or unique nature of the work performed under the sub-award warrants extraordinary administrative reviews, documentation, certifications, etc.
- The work is determined to be governed by U.S. export control law and regulations
- The work is to be performed outside of the United States
- Prior administrative history between MURC and sub-recipient is problematic

In addition to obligations under monitoring levels above, sub-recipients may be required to provide additional information to enable MURC to document sub-recipient internal controls and management procedures and to otherwise assure compliance with sponsor requirements.

GENERAL MONITORING REQUIREMENTS

- Review audit reports through the Federal Clearinghouse
- If findings exist in the sub-recipient's audit report, determine how material they are and the risk(s) involved (operational, financial or compliance).
- Issue management decisions to sub-recipient for any audit findings pertaining to the sub-award
 - Consider whether the results of the sub-recipient's audits, on-site reviews, or other monitoring activities indicate conditions that necessitate financial adjustments or require the sub-recipient to be moved to the advanced monitoring category.
- Review invoices and reports to ensure:
 - Timeliness, completeness and accuracy
 - Project is in line with spending
 - PI certification
 - Work is performed within the period of performance
 - Compliance with special terms (if applicable)
- Sample source documentation from sub-recipient invoices annually

ADVANCED MONITORING REQUIREMENTS

In addition to the monitoring requirements set forth in general monitoring, advanced monitoring will be tailored to the circumstance(s) that dictated the need for additional monitoring. Examples include, but are not limited to:

- Requiring source documentation for every sub-recipient invoice,
- Quarterly conference call/meeting with MURC compliance staff, sub-recipient PI and prime award PI to assess performance goals and progress
- Desk Audit performed by MURC

PROCESSING OF SUB-RECIPIENT INVOICES

- Invoice received from sub-recipient; sent to either Principal Investigator (PI) or Administrative Contact (AC)
- PI/AC reviews invoice for accuracy and reasonableness based on approved sub-award budget and identifies correct purchase order for payment
- If acceptable, PI approves, certifies, and returns to AC for further processing. If unacceptable, PI and AC address discrepancies with sub-recipient; notifying MURC when there is a compliance concern.
- Once PI has certified and approved the invoice, it is submitted to MURC for payment
- MURC Accounts Payable receives all required documents, reviews invoice for active and correct PO and processes for payment.

CLOSE-OUT OF SUB-AWARD

MURC will close-out the sub-award when it determines that all applicable administrative actions, including sub-award financial accounting, and all required substantive programmatic work set forth in the sub-award has been completed by the sub-recipient.

- MURC will confirm with the PI that all sub-award work was conducted as stated in the sub-award scope-of-work and that all required sub-recipient technical reports have been received and accepted by the PI/PD prior to formal close-out.
- All financial close-out actions will be conducted by MURC consistent with MURC policies and procedures.

ROLES AND RESPONSIBILITIES

PRINCIPAL INVESTIGATOR (PI):

- Obtain an approved proposal from proposed sub-recipients for incorporation into the proposal submitted to sponsors
- Review of sub-recipient technical performance reports
- Maintain communications with the sub-recipient PI and technical team sufficient to assess the quantity and quality of work being performed
- Receive, review and approve sub-recipient invoices (in coordination with administrative contact)
- Certify that invoiced amounts are consistent with the amount and type of work performed to date
- Work with sub-recipient to clarify any charges which appear to be unallowable, unallocable, unusual, or excessive (in accordance with Administrative Contact)
- Notify MURC of changes that need to be made to the scope-of-work, budget, or period of performance
- Notify MURC of sub-recipient's failure to provide timely technical reports, invoices, or other requested information
- Review of invoices and comparison of invoices to established sub-award budgets
- Provide payment approval via "*PI Payment and Performance Certification*" form, signed by the PI and included with each invoice
- Process sub-recipient invoices in accordance with the sub-recipient invoicing process.

SUB-RECIPIENT:

- Perform the work set forth in the sub-award scope-of-work in accordance with the sub-award terms and conditions
- Notify PI and MURC of all issues and concerns related to sub-recipient's performance and compliance
- Comply with all requests for information or additional documentation related to the performance of the sub-award
- Maintain a system of records related to the performance of project work in sufficient detail to permit MURC and sponsor to evaluate sub-recipient's technical and financial performance under the sub-award

MURC PRE AWARD:

- Initiate, negotiate, issue, amend, and execute sub-awards
- Ensure each sub-recipient proposal has the approval of the MURC PI and appropriate school/center officials

- Ensure sub-recipient completes Sub-recipient Profile Questionnaire
- Evaluate sub-recipients and those directly responsible for the performance of services under sub-recipient agreements to ensure that they are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any State or Federal department or agency
- Obtain and verify F&A and fringe benefit rates for sub-recipients
- Verify that proposal and award budget information is correct and comprised of allowable costs
- Verify that sub-recipient proposals and sub-award documents have the proper approvals by authorized officials at the sub-recipient's organization

MURC POST AWARD:

- Conduct annual sub-recipient monitoring as provided for in this policy
- Determine, in conjunction with Pre Award, the type of monitoring required for sub-recipients not subject to OMB Uniform Guidance.
- Assist PI in resolving financial questions related to invoices
- Advise the Director of Grants and Contracts of all sub-award issues or deficiencies that present a compliance risk to MURC
- Review, approve and process sub-recipient invoices upon receipt and proper authorization from the PI
- Invoicing and billing
- Financial reporting

References:

[Federal Uniform Guidance](#)