Subrecipient Monitoring Policy

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Issuing Authority: Vice President for Research and Compliance
Responsible Office: Office of Sponsored Programs / Research Administration, Office of Sponsored Programs/Post Award Services Unit and the Associate Vice President and Controller’s Office

Purpose

To document the policy of Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as “Howard University”) governing the collection of A-133 audit certification forms and, as necessary, the making of any subsequent management decisions related to the information disclosed during the certification; the determination of whether this information requires an adjustment to Howard University financial records; and the ongoing monitoring of the subrecipients. Additionally, this document identifies roles and responsibilities for Principal Investigators/Project Directors (PI/PD), the Office of Sponsored Programs/Research Administration (OSP/RA) and Grant and Contract Accounting (GCA) related to ongoing subrecipient monitoring.

OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations sets forth standards for obtaining consistency and uniformity in organizations expending Federal awards. In instances in which the award recipient subcontracts with another organization to perform duties required or necessitated by the research award, the award recipient is considered a pass-through entity. As a pass-through entity, the award recipient has monitoring obligations to ensure that the subrecipient uses the award for authorized purposes and that the goals of the award are achieved.

A subrecipient is any organization that receives a subcontract from Howard University for a portion of a sponsored project. (For more detail about the definition of a subrecipient, refer to Subcontract Execution and Approval Policy #OSP 600-013). As a pass-through entity, Howard University is required to follow guidelines outlined in OMB Circular A-133 regarding the monitoring of subrecipients, including:

- Ensuring that subrecipients expending $500,000 ($300,000 for fiscal years ending before December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements outlined in OMB Circular A-133 for that fiscal year.
- Issuing a management decision within six months of receipt of a subrecipient's audit report containing audit findings and ensuring that the subrecipient takes appropriate and timely corrective action.
- Considering whether the subrecipient’s audit findings necessitate adjustment of Howard University's financial records.

Policy

It is the policy of Howard University to comply with its obligations as a pass-through entity. To meet these requirements, OSP/RA requires either that an affirmative determination be made that the subrecipient has no audit findings from the Federal Audit Clearinghouse or that a Subrecipient Audit Compliance Certification Form (Certification Form) be signed by an authorized official at the subrecipient institution before forwarding the executed subcontract agreement for set-up in the Howard
Subrecipient Monitoring Policy

University accounting system. This internal control prevents any subrecipient invoices from being paid until this certification has been obtained by OSP/RA or OSP/RA has determined that it is not required. As necessary, OSP/RA follows-up with subrecipients to obtain outstanding certifications and is responsible for maintaining all documentation related to subrecipient A-133 audit certification. If an audit finding or other concern is disclosed by a subrecipient as part of the certification process, or found by checking the Federal Audit Clearinghouse, the Associate Vice President for Sponsored Programs (AVPSP) makes a management decision regarding whether Howard University should continue with the agreement or if additional monitoring is required. The Associate Vice President and Controller (AVP Controller) is responsible for determining if the information disclosed requires an adjustment to Howard University financial records. Finally, the PI/PD and OSP/PASU share responsibility for the ongoing monitoring of the subrecipient during the award. The PI/PD has ultimate responsibility for this ongoing monitoring. If any performance issues are identified, the PI/PD should immediately bring them to the attention of the OSP/RA and OSP/PASU.

Business Process Description:

OSP/RA is responsible for verifying whether each subrecipient has had audit findings either by checking the Federal Audit Clearinghouse or, if the subrecipient is not found on the Federal Audit Clearinghouse, by ensuring that the subrecipient completes a Certification Form (DRAFT WILL BE INCLUDED AS APPENDIX TO PROCEDURE DOCUMENT). When the Certification Form is required, OSP/RA sends the Certification Form to the subrecipient with the subcontract/subcontract modification and requests that it be signed and returned with the agreement. If the Certification Form is not received at the time the executed agreement is received, OSP/RA contacts the subrecipient to inform the subrecipient that the subcontract will not be forwarded for internal processing until the signed Certification Form is received by OSP/RA. Each Research Administrator (RA) maintains a Subrecipient Log (EXAMPLE LOG WILL BE INCLUDED AS APPENDIX TO PROCEDURE DOCUMENT) to document Federal Audit Clearinghouse verification and/or the receipt and follow-up completed to ensure that Certification Forms are obtained for subcontracts in their assigned portfolio. As necessary, the RA follows-up with subrecipients to obtain outstanding Certification Forms.

Upon checking the Federal Audit Clearinghouse or upon receipt of the Certification Form, the RA reviews it for any audit findings, issues, or concerns and the Subrecipient Log is updated. If no concerns/issues are present, OSP/RA files the Certification Form consistent with OSP/RA procedures. FYI-THE PROCEDURE WILL DETAIL HOW THIS DOCUMENTATION WILL BE FILED IN OSP/RA If issues/concerns are identified (e.g., audit findings are present), the RA contacts the OSP/RA Manager for discussion and direction regarding next steps. The OSP/RA Manager directs the RA in the proper course of action to address the concerns (e.g., seeking a copy of the subrecipient’s corrective action plan). Upon receipt of any and all necessary documentation, the OSP/RA Manager presents the information to the AVPSP who determines what type of corrective action, if any, is required. The PI/PD, Vice President for Research and Compliance, AVP Controller, and other Howard University leadership are consulted as necessary. It is the responsibility of the AVPSP to issue a management decision regarding the audit findings and corrective action within six months of notice to Howard University that a subrecipient had audit findings. The AVPSP meets with the AVP Controller who determines whether the subrecipient’s audit findings require adjustment to Howard University’s financial records. OSP/RA retains all documentation related to A-133 certification and management decisions made by the AVPSP. The AVP Controller is responsible for maintaining all documentation related to the decisions made to determine whether subrecipient audit findings require an adjustment to Howard University financial records.
In addition to checking the Federal Audit Clearinghouse and/or obtaining the Certification Form, Howard University is responsible for monitoring the activities of the subrecipient throughout the award period. The PI/PD has ultimate responsibility for this monitoring. The nature and form of the monitoring is dependent on a number of factors. Some factors to consider in determining the nature and degree of the monitoring are the complexity of the award, the percentage of the award passed through to the subrecipient, and the extent of the subrecipient’s risk. Some examples of monitoring throughout the award period are regular contact with the subrecipient regarding their progress on the specific statement of work and budget; review of deliverables/reports for accuracy and progress; ensuring that deliverables are received in a timely fashion; reaching out to the subrecipient to address any potential problems; review of invoices (See Subrecipient Invoice Review Policy #OSP 600-023); and site visits. While the PI/PD has ultimate responsibility for this monitoring, OSP/RA, OSP/PASU and GCA are also involved. For example, both OSP/PASU and the PI/PD must approve subrecipient invoices; and OSP/PASU, OSP/RA, GCA and the PI/PD may all be involved in aspects of A-133 monitoring plans. Additionally, OSP/RA is primarily responsible for managing changes that occur over the life of the award such as key personnel changes, the amount of allocation of funds, and the revision of agreements.

Roles and Responsibilities:

Academic Department

- **Principal Investigator/Project Director (PI/PD):** The PI/PD monitors the ongoing activity of the subrecipient to ensure that the statement of work is being satisfactorily completed within the budget. The nature and degree of the monitoring is dependent on a variety of factors including, but not limited, to the complexity of the program, the percentage of the award passed through to the subrecipient, the amount of the award passed through to the subrecipient, the amount of risk undertaken by the subrecipient as compared to the overall project, and any previous audit findings. The PI/PD is responsible for review and approval of all subrecipient invoices (See Subrecipient Invoice Review Policy #OSP 600-023), reports, and deliverables. In the event that deliverables are not received in a timely manner, the PI/PD should reach out to the subrecipient, as this could indicate a potential problem that should be addressed quickly. In addition to the review of documents, the PI/PD may initiate regularly scheduled conference calls with the subrecipient to monitor progress of the sub-award and may schedule a periodic or random site visit. Any changes in the award affecting the subrecipient that require monitoring or management by OSP/RA should be promptly communicated to the RA responsible for the award.

Office of Sponsored Programs/Research Administration:

- **Research Administrator (RA):** The RA checks the Federal Audit Clearinghouse for the status of the subrecipient with respect to audit findings. After receipt of the partially executed subcontract from the CFO (See Subcontract Execution and Approval Policy #OSP 600-013), the RA submits the Certification Form, if required, with the subcontract along with a cover letter to the subrecipient requesting execution of the subcontract and completion of the Certification Form. Upon receipt of the completed Certification Form and/or upon checking the Federal Audit Clearinghouse, the RA reviews the information with respect to audit findings and notifies the OSP/RA Manager if an issue or concern is identified. At the direction of the OSP/RA Manager, the RA obtains from the subrecipient documentation of their corrective action plan and any actions taken toward its implementation. Each RA is responsible for updating his/her Subrecipient Log to track the status of Federal Audit Clearinghouse checks, receipt of the Certification Form and to follow-up with the
subrecipient regarding any outstanding Certification Forms. Each RA is also responsible for reviewing the Subrecipient Log on a regular basis (at least quarterly) and for contacting the subrecipients that have failed to submit the Certification Form, if required. The RA also provides subrecipient monitoring during the award. For example, RA review and approval is required for all subrecipient invoices (See Subrecipient Invoice Review Policy #OSP 600-023). Additionally, the RA manages/monitors changes that may arise with respect to certain aspects of the responsibilities of the subrecipient such as changes in key personnel, revision of subrecipient budgets, and revisions to the subcontract.

- **OSP/RA Manager:** The OSP/RA Manager provides oversight to the subrecipient monitoring responsibilities completed by the RA’s. Additionally, if a subrecipient reports an audit finding, the OSP/RA Manager is responsible for coordinating the collection of documentation and notifying the AVPSP of such findings.

- **OSP/PASU Manager:** The OSP/PASU Manager provides oversight to the subrecipient monitoring responsibilities completed by the PASU Accountant.

- **OSP/PASU Accountant:** The PASU Accountant provides subrecipient monitoring during the award. The PASU Accountant reviews and approves all subrecipient invoices under $10,000.00. The PASU Manager reviews and approves all subrecipient invoices over $10,000.00 but not greater than $25,000.00.

**Office of the Vice President for Research and Compliance**

- **Associate Vice President for Sponsored Programs (AVPSP):** When audit findings exist, or other concerns are identified through the A-133 certification process, the AVPSP makes a management decision regarding whether Howard University should continue with the agreement or if additional monitoring is required. This includes reviewing the sufficiency of the subrecipient’s corrective action plan and steps taken by the subrecipient to implement such plan. When a management decision is made, the AVPSP works with OSP/RA to develop the appropriate documentation and to provide notification to the subrecipient. Additionally, the AVPSP coordinates with the AVP Controller who determines whether an adjustment to Howard University financial records is necessary.

**Office of Senior Vice President, Chief Financial Officer and Treasurer**

- **Associate Vice President and Controller (AVP Controller):** The AVP Controller determines whether any adjustments to the Howard University financial records are necessary related to the A-133 audit certification process. The AVP Controller is responsible for documenting these decisions and notifying the AVPSP.

**Grant and Contract Accounting (GCA)**

- Representatives of this office may be involved in follow-up on subrecipient audit findings including, but not limited to, participation in site visits designed to check the integrity of the subrecipient’s financial controls.

**Related Processes/Events:**

- Subrecipient Monitoring Attachment I - Audit Compliance Certification Form
Subrecipient Monitoring Policy

- Subrecipient Monitoring Attachment II - Subrecipient Log Instructions
- Subrecipient Monitoring Attachment III - Subrecipient Log
- Subcontract Monitoring Invoicing Internal Procedure

Related Policies:

- Subcontract Execution and Approval
- Subrecipient Invoice Review

Forms and Links

- OVPRC Website: http://ovprc.howard.edu