## Information

Subrecipient Monitoring and Management

## Effective

July 1, 2020

## Number

RES-2.07

## Applicability

This policy applies to University Employees (Administrators, Faculty, and Staff).

## Administrative Authority

Executive Vice President for Research and Innovation

## Responsible Unit

Compliance and Operational Support Core
Office of Sponsored Programs Administration
J.D. Nichols Campus for Innovation and Entrepreneurship
Louisville, KY 40292
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## History

Revision Date(s): February 2, 2021
Reviewed Date(s):

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## Categories

# Reason for Policy:

This policy has been developed to meet the requirements set forth in the Uniform Guidance 2 CFR §200.331 to §200.333 pertaining to Subrecipient Monitoring and Management.

It is the responsibility of the University of Louisville, as a Pass-Through Entity, to monitor the programmatic and financial activities of the Subrecipient to ensure compliance with federal statutes, regulations, and with the Terms and Conditions of the Subaward agreement. The University of Louisville is also required to perform a risk assessment of the Subrecipient for the purpose of determining the appropriate level of Subrecipient Monitoring, and to verify that the Subrecipient is audited as required by Subpart F of the Uniform Guidance.

Failure to adequately monitor the compliance of the Subrecipient may result in reputational damage to the University, jeopardize current and future funding, or subject the University to return of funding, fines, penalties or other legal liability.

This policy does not apply to Professional Service Costs or to the procurement of services from Contractors.

# Statement:

The University of Louisville (University) is committed to administering Sponsored Programs and Subawards in full compliance with the Uniform Guidance 2 CFR 200, State regulations/requirements, and in full alignment with University policy.

This policy sets forth conditions for review, approval and monitoring of Subrecipients on Sponsored Programs administered by the University and University of Louisville Research Foundation, Inc (ULRF). This policy applies to all Subawards issued under Sponsored Programs awarded to the University, without regard to the primary source of funding. This policy outlines the institutional responsibilities and assists Principal Investigators (PIs), financial business staff and administrators in ensuring programmatic and fiscal compliance with the established Terms and Conditions of

the Subaward, achievement of performance goals, and compliance with applicable federal laws and regulations.

## Related Information:

2 CFR §200.331 to §200.333 - Subrecipient Monitoring and Management

2 CFR §200.501 - Audit Requirements

## Definitions:

**Award:** A binding legal agreement between an external sponsor and the University to support research, instruction, training, service, or other scholarly activities with set terms and conditions.

**Contract:** (2 CFR §200.22) A binding legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal Award. The term as used in this policy does not include a binding legal instrument, even if the non-federal entity considers it a Contract, when the substance of the transaction meets the definition of a federal Award or Subaward.

**Contractor:** (2 CFR §200.23) An entity that receives a Contract. Typically, a Contractor is a vendor, dealer, distributor, merchant or other seller providing goods or services (i.e., a procurement relationship) that are required for the conduct of an Award.

**Pass-Through Entity (PTE):** (2 CFR §200.74) A non-federal entity that issues a Subaward to a Subrecipient to carry out part of a federal (or non-federal) program.

**Professional Service Costs:** (2 CFR §200.459) Professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor. Examples include those services acquired by contractors or subcontractors in order to enhance their legal, economic, financial, or technical positions. Professional and consultant services are generally acquired to obtain information, advice, opinions, alternatives,

conclusions, recommendations, training, or direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other forms of representation.

**Risk Assessment:** A comprehensive review process that determines the level of risk associated with doing business with the Subrecipient and subsequently to the PTE/University. A risk level is assigned to each Subaward based upon the criteria of the Risk Assessment and is used to identify subrecipient monitoring requirements for the subawardee.

**Subaward**: (2 CFR §200.92) A second-tier Award issued by a PTE to a Subrecipient which authorizes the Subrecipient to carry out part of a federal (or non-federal) Award issued to the PTE. It does not include payments to a Contractor or payments to an individual that is a beneficiary of a federal program. A Subaward may be issued through any form of legal agreement, including an agreement that the PTE considers a Contract.

**Sponsored Program:** An externally funded activity that is governed by specific terms and conditions as outlined in a legal agreement or Notice of Award. Sponsored programs must be separately budgeted and accounted for subject to the terms of the sponsoring organization. Sponsored Programs may include grants, Contracts (including fixed price agreements), and cooperative agreements for research, training, and other public service activities. A Sponsored Program encompasses both the main sponsored account(s) and associated cost share and/or program income account(s), as defined in 2 CFR §200.302.

**Subrecipient**: (2 CFR §200.93) A non-federal entity that is issued a Subaward from a PTE to carry out part of a federal (or non-federal) program; but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other federal or non-federal Awards directly from an awarding agency.

**Subrecipient Monitoring:** Activities undertaken to review the financial status and management controls of a Subrecipient in order to mitigate the risk of doing business with the Subrecipient and to ensure compliance with the terms and conditions of the Subaward.

## Procedures:

The procedures and guidelines to comply with this policy are outlined in the Subrecipient Monitoring Guidance.

## Responsibilities:

All Principal Investigators (PIs), financial, business and administrative staff at the University of Louisville who are involved with the administration and conduct of Sponsored Programs must comply with this policy.

The Roles and Responsibilities chart is detailed in Section 6 of the Subrecipient Monitoring Guidance Document.

## Forms/Online Processes:

FDP-Subrecipient-Contractor-Determination Checklist [PDF]

Letter-of-Intent [PDF]

Subrecipient-Commitment-Form [PDF]

PI-Responsibilities-Acknowledgment-Form [PDF]

Subaward-Payment-Authorization-Form [PDF]

FINAL-Subaward-Payment-Authorization-Form [PDF]

Subaward-Release-Form [PDF]