

Policy#: 670.35
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Last Reviewed: September 23, 2015
Next Review: September 23, 2017

TITLE: SUB-RECIPIENT MONITORING

Policy Objective

As a condition of its acceptance of funding from sponsors, University Enterprises Corporation at CSUSB (UEC) is obligated in its role as primary recipient to undertake certain stewardship activities as well as comply with Federal, state and local regulations. The purpose of this policy is to ensure that UEC is in compliance with sub-recipient monitoring regulations related to sponsored research activities as outlined in Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations and Compliance Supplements*. When UEC assigns responsibility for conducting a portion of the research or substantive effort of a prime award to a sub-recipient, they remain responsible to the sponsor for management of funds and meeting performance goals. The programmatic and financial monitoring responsibility of its sponsored award sub-recipients is an integral part of the UEC's stewardship of sponsored funds.

Policy Statements

It shall be the policy of UEC to comply with sub-recipient monitoring regulations related to federally funded sponsored research activities. In order to ensure that the process for sub-recipient monitoring is adhered to, UEC shall comply with the federal Office of Management and Budget (OMB) Circular A-133, applicable standards of other sponsors, CSU regulations, and campus policies. This policy shall apply to all sub-awards issued to a sub-recipient under a federally funded sponsored project awarded to UEC. All sub-recipients shall be identified in the funding proposal and approved by the awarding agency.

Sub-recipients will be required to make annual disclosures of any sponsored research audit findings. This policy does not apply to consultant agreements for services or procurement of goods or services from vendors. UEC will adhere to the following criteria:

- Identify Federal awards made by informing each sub recipient of Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, the name of the Federal agency.
- Advise sub-recipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any flow-down provisions from the prime award.
- Verify that a sub-recipient is not suspended or debarred or otherwise excluded by the Federal

government from receiving federal contracts or who are ineligible for receiving certain types of federal financial assistance, by checking the Excluded Party Listing Service in the (EPLS) in the System for Award Management (SAM) at <http://www.sam.gov>.

- Monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goal(s) are achieved.
- Ensure that sub recipients expending \$500,000 or more of federal funding in a fiscal year have met the audit requirements for the year(s) they were sub-recipients.
- Issue a management decision on audit finding within six months after receipt of the sub-recipient's audit report and ensure that the sub recipient takes appropriate and timely corrective action.
- Consider whether sub-recipient audits necessitate adjustment of the pass-through entity's own records.
- Require each sub-recipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for UEC to comply with the monitoring requirement.

Monitoring Responsibilities

Coordination is necessary between Research and Sponsored Programs (RSP), the Principal Investigator/Project Director (PI/PD), and Sponsored Programs Administration (SPA) to ensure an appropriate sub-recipient or vendor determination is made and monitoring responsibilities are fulfilled. Responsibilities shall include:

1. At the proposal development stage RSP shall make the initial determination as to whether a sub-recipient or vendor relationship exists.
2. The PI/PD will be responsible, on an ongoing basis throughout the life of the award, to monitor the activities of the sub-recipients in accordance with the governing agreement. This is necessary to ensure the awarded funds are used for authorized purposes in compliance with the provisions of the agreement and performance goals are met. If any performance issues are identified, the PI/PD shall immediately notify SPA for further consideration and review.
3. SPA will be responsible, on an ongoing basis throughout the life of the award, to approve the expenditure activity in accordance with the governing agreements. This is to ensure the awarded funds are used for authorized purposes as proposed and in compliance with the provisions of the agreement.

Definitions

- Sub-award: An award (sub-grant or sub-contract) of financial support from a prime awardee to a qualified organization for the performance of a substantive portion of the programmatic effort funded under the prime award. This term also includes awards made by a sub-recipient to a lower tier sub-recipient.
- Sub-recipient: The legal entity to which a sub-award is made and which is accountable for the use of the funds provided in carrying out a portion of the prime awardees' programmatic effort under a

sponsored project. A sub-recipient has responsibility for programmatic and/or administrative decision making and adherence to the applicable sponsor program compliance requirements. The term may include institutions of higher education, non-profit organizations, for-profit corporations, and foreign or international organizations at the discretion of the Federal awarding agency.

- Vendor: A vendor is responsible for providing goods or services necessary to conduct the research or other programmatic effort and is not responsible for the results of the effort. Vendors provide similar goods or services to many different purchasers. A vendor is only required to meet the terms of the procurement instrument and is not subject to compliance requirements of the Federal program.
- Pass-through entity: A non-Federal entity that provides a Federal award to a sub recipient to carry out part of a Federal program.
- Federal awards: Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts.
- Catalog of Federal Domestic Assistance (CFDA): A number assigned by the Federal government to track and group program expenditures.

CSU Campus Policies/Federal Regulations/Related Documents

- CSU ICSUAM Policy – 11000.002.005
- 2 CFR Part 215, Section C (formerly OMB Circular A-110)
http://www.whitehouse.gov/omb/circulars_a110/
- OMB Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations and Compliance Supplements*
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf
- COGR Managing Externally Funded Programs at Colleges and Universities
<http://www.cogr.edu/docs/Managing.pdf>

Approval:

Approved by the UEC Board of Directors