**Florida State University**

**Subrecipient Monitoring Procedures**

**I. Subrecipient Determination**

Does the proposal budget contain consultant, contractor or subrecipient costs?

* If no, then no further action is required.
* If yes, then a determination as to whether the recipient is a consultant, contractor or subrecipient is required (see 2 CFR §200.330).

Can the Pre-Award Administrator clearly determine whether the recipient is a consultant, contractor or subrecipient by comparing the characteristics below to proposal documents and other resources, such as websites?

* If no, then the Pre-Award Administrator will contact the PI and department for assistance in completing the [Subrecipient or Contractor/Vendor Determination Guide](http://www.research.fsu.edu/media/2109/subrecipientcontractordetermination.pdf). Characteristics of a subrecipient and contractor/vendor are outlined in this Guide.
* If yes, and if the Pre-Award Administrator determines the recipient is a contractor or subrecipient, then the Pre-Award Administrator will complete the relevant areas of the [Subrecipient or Contractor/Vendor Determination Guide](http://www.research.fsu.edu/media/2109/subrecipientcontractordetermination.pdf).

**II. Proposal Components**

The following items are required as part of the proposal documents and before proposal submission for each subrecipient identified in the project:

* Scope of work;
* Budget, budget justification, and copy of indirect rate agreement, if applicable;
* [Subrecipient Commitment Form](http://www.research.fsu.edu/media/2319/subrecipientcommitmentform.pdf); and
* Any other sponsor-required documents, in sponsor-required formats where applicable

When reviewing the proposal, the Pre-Award Administrator will review the subrecipient documents to ensure that all agency-required documents are received.

* Budget and justification: the costs proposed are allowable;
  + Copy of the subrecipient’s negotiated indirect cost rate agreement.
  + If the subrecipient does not have a negotiated rate, the Administrator will inform the subrecipient about the availability of the 10% de minimis rate that is allowed according to §2 CFR 200.414(f); 200.331(a)(4).
  + The subrecipient has the right to refuse the 10% rate but the Administrator must keep documentation that it was offered and refused.
* Scope of Work: must outline the work to be provided and accomplished by the subrecipient during the project period; it should identify deliverables, products or expected outcomes for the project.
* The Pre-Award Administrator will save final versions of all documents received from consultants, contractors and subrecipients in the common drive.

**III. Financial Conflict of Interest**

If the proposal falls under the PHS, NSF, or another Federal Agency Conflict of Interest policy, the Pre-Award Administrator will advise the PI to contact the Director of the Office of Research Compliance Programs (ORCP) if any conflicts of interest are identified.

FSU’s PI will certify whether he/she has a financial conflict of interest with the subrecipient; if there is a potential conflict of interest, that information will be forwarded to the Director of the Office of Research Compliance Programs (ORCP).

**IV. Risk Assessment**

When a proposal is funded and an award is received, the Pre-Award Administrator will send an email to the Subcontract Coordinator responsible for creating the subaward document, and to the Post-Award contact to begin the Risk Assessment.

The Risk Assessment evaluates the risk posed by the proposed subrecipient, and must be completed prior to the subaward creation. The Risk Assessment involves the Pre-Award and Post-Award staff verifying the project specific risks as well as the entity’s financial systems and most recent audit results.

The results of the Risk Assessment may impact the subaward. If there is a high risk, Senior SRA staff will determine whether a subaward will be initiated with the subrecipient. If there is a medium and/or high risk identified, the subaward may include more restrictive terms and additional monitoring activities.

The Subcontract Coordinator will verify the subrecipient’s eligibility to receive federal and/or state funds and will verify that the subrecipient entity and PI are not on the Debarred and Suspended list.

**V. Subaward**

The Subcontract Coordinator will create the subaward using information provided by FSU’s PI, such as period of performance, reporting requirements, and any other project-specific requirements. The type of funds will determine which template will be used for the award document.

The subaward will include all applicable federal and/or state requirements as well as all flow-down terms required by FSU’s prime award, as well as the budget and justification and scope of work approved by the prime sponsor.

The subaward will be vetted by the PI before being sent to the subrecipient for review and approval.

Once the subaward is executed, the Subcontract Coordinator starts the internal process to set up the subaward project. This process includes assigning a project number, setting up the project file, encumbering the funds, etc.

**Components of subaward:**

1. Financial Conflict of Interest:
2. For subawards that fall under the Uniform Guidance, the subaward should include the following language:

Subrecipient must designate herein whether the conflict of interest policy of \_\_\_\_\_ Pass-Through Entity (PTE) or the \_\_\_\_\_ Subrecipient (check one) will apply to the research covered under this agreement.

If applying its own conflict of interest policy, Subrecipient certifies that, consistent with the provisions of the Prime Federal Agency, it has a documented, active, current, and enforced policy on conflict of interest; that all financial disclosures required by the conflict of interest policy have been made; and that conflicts of interest, if any, were, or prior to the organization’s expenditure of any funds under the award, will be, satisfactorily managed, reduced or eliminated in accordance with the Subrecipient’s conflict of interest policy. If required by the Prime Federal Agency, conflicts of interest must be reported to the PTE prior to expenditure of Federal funds, and annually thereafter 60 days prior to the subaward project period end date. If the Subrecipient identifies any financial conflicts during the period of this subaward, it shall submit a report to the PTE Administrator identified in Attachment 3 A, within thirty (30) days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial conflict of interest.

If the Subrecipient has no conflict of interest policy, by signing this agreement it certifies that it will abide by FSU’s Financial Conflict of Interest Disclosure Policy published at <http://www.research.fsu.edu/research-compliance/conflict-of-interest/>. Additional information regarding disclosure and reporting procedures will be provided with the signed subaward.

1. For all non-Federal subaward/subcontracts not subject to the Uniform Guidance requirement insert the following clause in the appropriate location (replacing existing language where appropriate):

The [Subcontractor, Subrecipient, or other recipient term] will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.

1. Audit Requirements:

The subaward document will include a requirement for the subrecipient to provide FSU with its annual single or independent audit. The language will reflect the applicable audit requirements for the subrecipient.

For State of Florida awards, the following language will be included:

Article 4. Chapter 215.97 F.S. “Florida Single Audit Act”

Each nonstate entity (i.e., local government entity, nonprofit orgnization, or

for-profit organization) that receives state financial assistance to carry out a state project and that meets the audit threshold requirements equal to or in excess of $500,000 in any fiscal year must obtain an audit by an independent auditor in accordance with auditing standards stated in the rules of the Auditor General of the State of Florida and provide a copy of the audit to the University. The audit shall be conducted in accordance with the requirements of the Act and the rules of the Executive Office of the Governor, the Comptroller and the Auditor General. The Act applies to nonstate entities that receive state awards directly from a state awarding agency and to nonstate agencies that receive state awards through another nonstate entity.

1. Florida Public Records Act – Florida Statutes 119.0701

In addition to other contract requirements provided by law, each public agency contract for services must include a provision that requires the contractor to comply with public records laws, specifically to:

(a) Keep and maintain public records that ordinarily and necessarily would be required by the public agency in order to perform the service.

(b) Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.

(c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.

(d) Meet all requirements for retaining public records and transfer, at no cost, to the public agency all public records in possession of the contractor upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the public agency in a format that is compatible with the information technology systems of the public agency.

(3) If a contractor does not comply with a public records request, the public agency shall enforce the contract provisions in accordance with the contract.

**VI. Post Award Activities**

1. The Subcontract Coordinator will be contacted by the PI and or the Pre-Award Administrator when FSU’s Prime Award receives additional funding and/or a project extension.
2. The Subcontract Coordinator will send the Subrecipient Commitment Form to the Accounting Manager II and Cost Accounting Manager for review. This form contains information about the most recent audit performed and a link to the audit report, if applicable. This allows the Post-Award staff to begin working on the Subrecipient Risk Analysis and Compliance Form (Risk Assessment) for the subrecipient.
3. The Subcontract Analyst reviews the audit information and completes a portion of the threshold and institution-specific questions on the Risk Assessment. If there are concerns based on prior audit findings, the Analyst consults with the Accounting Manager II and/or the Post Award Associate Director on whether to proceed with the subaward.
4. Concurrently, the Subcontract Coordinator completes the first portion of the threshold questions on the Risk Assessment.
5. The Subcontract Analyst retains the post award completed portions of the Risk Assessment on the SRA shared drive for review by the Subcontract Coordinator. Additionally, the Analyst updates the Risk Assessment spreadsheet. The Subcontract Coordinator finishes the remaining sections of the Risk Assessment assigned to Pre-Award.
6. The Subcontract Coordinator will review the prime award amendment to ensure that any new terms and conditions are passed down to the subrecipient.
7. The subrecipient’s risk will be reviewed at this time, including the eligibility to receive federal funds, and the most recent audit information. Any changes in the entity’s risk and need to include more restrictive language in the subaward will be addressed.
8. Management reviews the Risk Assessment and the risk score assigned to the subrecipient. The reclassification questionnaire is completed to document a change in the risk score if deemed necessary. The Accounting Manager II, Associate Director of Post Award and Assistant Director of Pre Award have signing authority on the Risk Assessments. All Risk Assessment documentation is maintained in the subaward file and electronically on the SRA shared drive.
9. Any subrecipient deemed to be “High Risk” requires Subrecipient Monitoring Committee review and approval. This committee consists of the SR Accounting Manager II, SR Cost Accounting Manager, Associate Director of Post-Award and Assistant Director of Pre-Award.
10. If the subrecipient’s risk assessment score is classified at “Medium Risk” or “High Risk”, the SR Accounting Manager II will work with the Subcontract Coordinator to include verbiage in the subaward concerning the monitoring requirements.

**VII. Subrecipient Monitoring**

For each subrecipient, a Risk Assessment score is assigned. This score represents the level of risk that the subrecipient poses to the University with respect to potential non-compliance. SRA focuses on more frequent and substantive monitoring efforts for subrecipients with a higher risk score. The risk classifications are as follows:

*Low Risk*

* Review audit reports and evaluate any findings
* Review subrecipient invoices – ensure work is performed within the period of performance; the invoice is complete and accurate; the expenditures are allowable per the subaward budget, subaward terms and conditions as well as laws, regulations and University policies; the PI approves the invoice as acceptable to issue payment

*Medium Risk* - Perform all review steps as listed in the “Low Risk” category in addition to the following:

* Determine how material the audit findings are in the audit report and whether they pose an increased risk to the subrecipient’s ability to be in compliance and carry out the scope of work
* Request expenditure detail as supporting documentation for invoices on a monthly or quarterly basis; evaluate documentation received for sufficiency
* Request and review financial reports more frequently, if possible

*High Risk* - Perform all review steps as listed in the “Low Risk” and “Medium Risk” categories in addition to the following:

* Request expenditure detail as supporting documentation for all invoices
* Maintain regular contact with PI to ensure subrecipient is meeting programmatic expectations and document communication in subaward file
* Exercise the option to audit or consider performing a site visit or desk review
* Withhold payments to subrecipient if deemed necessary

**VIII. Annual Subrecipient Audit Verification**

On an annual basis, SRA will verify that the subrecipient has completed their single audit, or independent audit, as applicable.

SRA obtains the most recent audit and fiscal year end data at the proposal stage through the Subrecipient Commitment Form. At the award stage, this information is populated in the Risk Assessment spreadsheet. The SR Cost Accounting Manager is responsible for evaluating when an audit report should be requested based on the fiscal year end date maintained for each subrecipient.

The audit verification letter is submitted to current subrecipients to request their most recent audit report. If the subrecipient has previously identified a website link to the audit report, SRA will attempt to locate the report online.

The SR Cost Accounting Manager monitors the timeliness of subrecipient audit reports. If a subrecipient is unwilling to send the audit report after a follow up attempt is made, SRA will notify the PI and withhold payments to the subrecipient.

If material findings are noted in the subrecipient audit report, the SR Cost Accounting Manager will notify the SR Accounting Manager II. At that point, the risk assessment for the subrecipient will be updated and based on the revised score the subrecipient will be reclassified for additional monitoring.