



Category
GRANT SUBAWARDS – 4:02:01:01
Approval
Corresponding Policies: TBR Policy 5:01:05:00 ; TBR Guideline G-030 MSCC Policy 4:02:01:00
Leadership Council Approved: April 13, 2018
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Revised: N/A
Responsible Party: Vice President for Finance & Administration

I. POLICY

- A. This policy includes the practices and procedures for subrecipient monitoring of sponsored subagreements. Sponsored awards may contain programmatic work that is subcontracted to one or more institutions (subrecipients). The subrecipients are made responsible for a portion of a project awarded to Motlow State Community College. The activities of the subrecipient require the leadership of a Principal Investigator (PI).
- B. The PI is responsible for monitoring the subrecipients to ensure that project objectives are met, and that no conflict of interest exists between the Subrecipient, the College or the PI.

II. AUTHORITY

This guidance is established in accordance with:

1. Title 2 in the Code of Federal Regulations (2 CFR) - Part 220,
2. Title 2 in the Code of Federal Regulations (2 CFR) - Part 215,
3. OMB Circular A-133.

III. PROCEDURE

Upon recognizing a potential subrecipient for a proposal, the PI notifies the Grants Office. The PI and the Grants Office will perform a risk analysis to determine the level of risk for subcontracting with the proposed organization/institution. Based on the risk assessment, a determination is made by the Grants Office and the PI whether to continue with a subaward agreement.

A. Risk Assessment

1. The PI and the Grants Officer will perform a risk assessment of the potential subrecipient to determine the risk category as follows:
 - a. Is the subrecipient organization based in the United States?
 - b. Is the subrecipient an academic institution or a non-profit subject to federal audit requirements?
 - c. Is the subrecipient mature (more than 10 years)?
 - d. Does the project have clear and easily-met objectives and milestones, and its progress is measured by observable outcomes?
 - e. The project does not involve export-controlled materials?

- f. The amount of funding to the subrecipient does not exceed \$500,000 nor 50% of award?
 - g. Is the subrecipient known to have received awards directly from the awarding agency?
 - h. Does the subrecipient perform annual audits?
 - i. Does the subrecipient have protocols in place for compliance (such as IRB)?
2. If the answer is **No** to any of the first six questions in Paragraph III. A.1. a through f, then the subrecipient is a high-risk. If all the answers for the first six questions in Paragraph III. A.1. a through f are **Yes**, but the answer is **No** for any of the last three questions in Paragraph III. A.1. g through i., then the subrecipient is a medium risk. If the answer was **Yes** to all nine questions in Paragraph III. A.1, then the subrecipient is a low-risk.
 3. All high risk subrecipients must be approved by the Vice President for Finance and Administration.

B. Vendor or Subrecipient Determination

1. Subrecipient is measured by the following:
 - a. Responsible for helping the College meet the requirements of the prime award;
 - b. Performs a substantive portion of the project activities which are the primary purpose of the award;
 - c. Responsible for incurring project costs that are reasonable and allowable;
 - d. Measures performance against the objectives of the Federal program; and
 - e. Responsible for adhering to Federal program compliance requirements.
2. A vendor is determined by the following measures:
 - a. Provides goods or services as part of its normal business operations to various purchasers;
 - b. Provides professional services or highly technical advice;
 - c. Provides goods or services which are ancillary to the Federal award; and, is not subject to the compliance requirements of the Federal award.
3. As a general guide, if there is an identified co-principal investigator at the subrecipient organization, and the organization is free to decide how to carry out the activities requested of it, and publications are anticipated from the relationship, then the relationship probably is with a subrecipient.

If the activity to be performed is a series of repetitive activities that require little judgment from the service provider then the relationship is likely with a vendor.

C. Award Notification and Agreement

1. Upon notification of the prime award, the Grants Officer will notify the PI and request an updated project timeline and scope.
2. After the subagreement is issued, the Grants Office provides a copy to the PI.

IV. SUBRECIPIENT MONITORING

- A. The PI has the primary responsibility for reviewing programmatic, timing, administrative activities and compliance of the subrecipient typically on a monthly basis.
- B. The Grants Office and Business Office will assist in managing subagreements to provide reasonable assurance that funds are expended according to provisions of pertinent regulations, terms of the award notice, agency requirements, and Office of Management and Budget (OMB) circulars. The PI, Grants Office, and Business Office will annually review and evaluate subrecipient organizations.
- C. Progress reports of the subrecipient may be received informally via phone and e-mail communications. Formal technical reports may be required and due on specific dates.
- D. Subrecipients are required to submit an invoice to the PI. The PI will ensure the invoices are submitted in accordance with subagreement requirements.
- E. The PI will determine that the work is completed and that charges are allowable, allocable to the project and reasonable. The PI's signature acknowledges that work/milestones performed by the subrecipient are acceptable, and deliverables have been received.

- F. After the PI approves and signs the invoice, it is submitted to the Grants Office for review. The Grants Office submits the invoice to Business Office for payment, if the invoice meets the conditions outlined in the contract.

V. REVIEWS

- A. The Grants Office and Business Office with the assistance of the PI will conduct annual reviews that may include onsite visits to gather updated information and documentation on the financial stability of subrecipient organizations.
- B. Decisions will be made within six months after receipt of the subrecipient's financial information. Problems associated with a subrecipient should be reported to the Grants Officer immediately for review. If warranted, the subagreement may be terminated.
- C. All high risk subrecipients will also be reviewed by the Vice President for Finance and Administration.

VI. SUBRECIPIENT CLOSEOUT

- A. The final invoice must be received and approved prior to the closeout of the prime award.
- B. The PI must certify that all technical reports and deliverables and any required documentation have been received, and that the subrecipient has fulfilled its obligations before the final invoice can be paid.

VII. RESPONSIBILITIES

- A. Responsibilities of PI:
 - 1. Ensure no conflict of interest exists between his/herself and the potential subrecipient;
 - 2. Negotiate scope of work to be performed by the subrecipient;
 - 3. Responsible for directing and managing fiscal and scientific aspects of sponsored agreement;
 - 4. Jointly responsible for monitoring subrecipients to ensure compliance with federal regulations, and the award terms and conditions for both the prime and subrecipient award;
 - 5. Report any problems with subrecipient to Business Office and Grants Office upon discovery.
- B. The Grants Office at Motlow State Community College is responsible for:
 - 1. Jointly responsible for monitoring subrecipients to ensure compliance with federal regulations, and the award terms and conditions for both the prime and subrecipient award;
 - 2. Reviewing invoices prior to payment for subrecipients.
- C. The Business Office at Motlow State Community College is responsible for:
 - 1. Evaluation of single audit (A-133) or program-specific audit results;
 - 2. Serving as Office of Record for record retention of final programmatic and financial reports.
- D. The Vice President for Finance and Administration is responsible for:
 - 1. Approval of all high risk subrecipients;
 - 2. Signing all high risk subrecipient agreements;
 - 3. Annually reviewing all high risk subrecipients.

