Policy Name: Monitoring Subrecipients of Federal Funding

Policy Number:
Scope: All Subrecipients of Federal Funding
Created: 6/10/2006

I. Purpose

To establish policy and procedures to monitor subrecipient compliance with the requirements of OMB Circulars A-133 and A-110. The procedure will govern submission, review, processing, acceptance and disposition of audit reports from subrecipients submitted in accordance with A-133. These guidelines and procedures are provided to assist responsible faculty and staff in ensuring that subrecipients have sufficient controls and processes in place to minimize risk or instances of noncompliance in the handling of federal funding.

II. Procurement, Suspension and Debarment

Management Assertion: Federal procurement standards described in 15 CFR part 14 Sections 40 – 48 have been incorporated into the purchasing policies and adhered to for award expenditures. Contracts and subawards have not been made to any organizations or its principals listed in the “List of Parties Excluded From Federal Procurement or Nonprocurement Programs,” issued by General Services Administration.

III. Definitions

A. **Subrecipient** – A third party which is measured by the following:

   - is responsible for helping UT Arlington meet the requirements of the prime award;
   - performs a substantive portion of the project activities which are the primary purpose of the prime award;
   - has its performance measured against the objectives of the Federal program;
   - has a responsibility to adhere to applicable Federal program compliance requirements.

B. **Vendor** – A third party measured by the following:

   - provides goods or services as part of its normal business operations to various purchasers;
   - provides professional services or highly technical advice;
   - provides goods or services which are ancillary to the Federal award;
   - not subject to the compliance requirements of the Federal award.

IV. Roles and Responsibilities
A. Principal Investigators (PIs) have primary responsibility for monitoring subrecipients to ensure compliance with federal regulations and both prime and subrecipient award terms and conditions. PIs will review performance, for example via Technical Reports or other deliverables, in conjunction with subrecipient invoices and approved budget; any unusual items will be investigated and notifications given to appropriate personnel.

B. The Office of Grant and Contract Services (GCS) has the responsibility for ensuring that the University’s subrecipient monitoring procedures are compliant with federal and other applicable regulations. GCS will provide further training, monitoring and guidance in interpreting applicable regulations and subrecipient award terms and conditions, and in interpreting and executing the requirements prescribed in OMB A-133.

V. Policy

To ensure compliance, any subreceiver of federal flow through funding is required to submit to GCS the Subrecipient Audit Form each fiscal year in which the subaward is active. The subrecipient is also required to provide copies of any independent auditor’s reports presenting instances of noncompliance with federal regulations and copies of their responses to auditors’ comments and a plan for corrective action to UT Arlington. GCS will evaluate Subrecipient responses and take any necessary precautions or incorporate additional monitoring controls through the negotiations or amendments to the Subaward Agreement with the Subrecipient.

VI. Procedure

A. When an award covered under OMB circular A-133 is issued to UT Arlington which includes a subaward, GCS will:

- Review the Federal Audit Clearinghouse site (http://harvester.census.gov/sac/) to determine if the subrecipient has submitted the A-133 single audit report and enter relevant information in the GCS A-133 Subrecipient Monitoring Database.

- Review the Excluded Parties List System (http://epls.arnet.gov) to ensure the entities is not excluded from receiving federal funding and enter relevant information in the GCS A-133 Subrecipient Monitoring Database.

B. If concerns arise from subrecipient A-133 audit response, GCS staff will evaluate subrecipient corrective actions cited in response to audit findings and/or communicate reassurance of compliance for the handling of federal funding. Once the evaluation is complete and acceptable, the subaward will be issued.
C. GCS staff will contact the subrecipients not in compliance with annual reporting requirements; the subrecipient will be asked to become compliant or face funding delays or possible termination of their subaward.

D. It will be the responsibility of GCS to send the Subrecipient Audit Form to the subrecipient each fiscal year in which a subaward is active with the subrecipient.

E. The completed Subrecipient Audit Form will be filed in the account folder and the GCS A-133 Subrecipient Monitoring Database will be updated.

F. PIs and Departmental administrators shall review subrecipient invoices and expenses for appropriateness. Explanations shall be obtained for unusual, miscellaneous or apparently excessive charges by the subrecipient and resolved with appropriate parties.

Related References and Guidance
OMB Circular A-133
Federal Single Audit Clearinghouse (http://harvester.census.gov/sac/)
Excluded Parties List System (http://epls.arnet.gov/)
Subrecipient Audit Form
Subrecipient Audit Letter Template