


Subject: Sponsored Programs Subrecipient Monitoring Policy	Division Name: Business and Finance	Approval:  Joseph F. Sheley, President Date: 10/2/15
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A. Purpose

At California State University, Stanislaus (University) all grant and contract awards are made to and accepted by the University. California State University (CSU) requires that each campus develop and maintain policies, procedures, financial controls and programmatic responsibility that ensure compliance with sponsors' requirements for subrecipient monitoring. This policy establishes compliance with this requirement by the University.

B. Scope of Policy

All University departments and organizations conducting research, instruction, and/or other sponsored work under grants, and other agreements involving subrecipient third parties are required to comply with the Subrecipient Monitoring Policy.

C. Definitions

Refer to *Glossary of Commonly-Used Terms in Sponsored Programs*.

D. Policy

California State University, Stanislaus is responsible for financial and programmatic monitoring of its awarded sponsored project funds. When the University assigns responsibility for conducting a portion of the work to another institution, organization, or individual (subrecipient), the University remains responsible to the sponsor for management of funds, meeting performance goals, as well as complying with federal, state and local regulations. With this role as primary recipient in mind, the University works with and monitors, as an integral part of the healthy stewardship of these sponsored funds, the technical and financial activities associated with a subrecipient.

The main goals of the policy are to:

- Promote stewardship of funds used to pay subrecipient organizations.
- Promote appropriate responsibility and accountability for contractual subrecipient relationships.
- Promote compliance with federal, state, and other legal requirements related to subrecipient monitoring.
- Ensure that the University and its sponsors receive value for funds expended.

This policy applies to all sub-awards or sub-contracts issued under sponsored projects awarded to the University without regard to the primary source of funding. Based on federal regulations that describe subrecipient monitoring and contain core elements of compliance, the following are the objectives of implementing this policy:

- Manages or eliminates any conflict of interest that arises from a sub-award or sub-contract by the University to an entity in which the University, PI, or key personnel have a financial interest.
- Advises subrecipients of applicable federal laws or regulations, and all appropriate flow-down terms and conditions of the prime award or agreement as well as the University requirements that apply to the sub-award or sub-contract.
- Provides subrecipients with information regarding the prime award, including Catalog of Federal Domestic Assistance (CFDA) number, title, award name and number, award dates, and sponsoring agency, as required by Office of Management and Budget (OMB) Uniform Guidance.

- Monitors costs and activities of subrecipients to ensure that expenditures charged to the University are allowable, allocable, reasonable, and reflected in the scope of work of the sub-award or sub-contract.
- Ensures that the performance goals set forth in the scope of work are being met in a timely manner.
- Ensures that cost-share commitments made by subrecipients are documented and adhere to all relevant regulations.
- Conducts a risk assessment for each proposed subrecipient prior to initiating an agreement in order to determine if a subrecipient requires closer scrutiny.
- Ensures that subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have met the OMB Uniform Guidance (formerly A-133) audit requirements for that fiscal year.
- Reviews audit reports filed by subrecipients and issues a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensures that the subrecipient takes appropriate and timely corrective action.
- Considers whether subrecipient audits necessitate adjustment of the University records, such as budget modifications, or reallocation of cost-shared resources.

E. Roles and Responsibilities

Pre-Award

Office of Research and Sponsored Programs (ORSP)

- Negotiates terms and conditions relevant to the grant during the development or performance of the sub-award.
- Ensures that sub-award agreements contain appropriate federal and other applicable regulations consistent with sound business practices.
- Prepares sub-award Memorandum of Understanding (MOU) to formalize the collaborative relationship between the University and the third party.
- Advises subrecipients of:
 - Federal laws or regulations.
 - Appropriate flow-down terms and conditions of the prime award or agreement.
 - University requirements that apply to the sub-award or sub-contract.
- Discloses any conflict of interest that arises when either the University, PI, Investigator, key personnel are positioned to receive a financial benefit or interest as a result of sub-award or sub-contract of federally-funded grants/contracts.

Procurement

- Reviews MOU to assess legal risk in compliance with CSU Procurement Policy and Procedures regarding contracts.

Grant Administration (GA)

- Reviews budget and scope of work as part of internal routing process for appropriate signatures before the agreement is signed.
- Conducts a risk assessment for each proposed subrecipient prior to initiating an agreement in order to determine the level of oversight needed on each project.
 - A subrecipient risk analysis is completed for each subrecipient using the information obtained in the Subrecipient Questionnaire. The risk analysis determines the level of risk associated with each subrecipient, and subsequently to the University. A risk level is assigned to each subrecipient based on the score attained in the risk analysis. There are 4 levels of risk as outlined in the campus subrecipient monitoring procedure.

- This process is completed until all identified issues are resolved. Copies of all correspondence are retained in the official subaward file. Checks the subrecipient's debarment status at <https://www.sam.gov> to verify the subrecipient is not excluded from receiving federal funds, prior to issuing an agreement.

Post Award

Principal Investigator (PI)

- Ensures that cost-share commitments made by subrecipients are documented.
- Monitors periodic progress reports and invoices from the subrecipients and ensures that they are timely, in compliance with the terms of the contract and reflective of progress.
- Reports to Grant Administration (GA) any non-compliance with technical or performance reporting requirements or dissatisfaction with level of subrecipient progress.
- Oversees site visits to subrecipient locations in order to ensure compliance with program objectives.
- Performs final review of invoices and submits to Accounts Payable for payment.

Grant Administration (GA)

- Ensures that sub-contractors or subrecipients receive a copy of the subrecipient monitoring policy.
- Provides subrecipients with information regarding the prime award including Catalog of Federal Domestic Assistance number (CFDA), title, award name and number, award dates, and sponsoring agency.
- Ensures that a current certification or an audit report (formerly A-133) is:
 - Submitted annually on all active sub-awards or sub-contracts
 - Reviewed
 - Evaluated for risk assessment
- Reviews corrective actions cited by subrecipients in response to audit findings, and determines sanctions imposed on subrecipients who are unable or unwilling to conduct required audits or address issues of non-compliance.
- Reviews invoices submitted by the subrecipient to ensure that:
 - Appropriate back-up documentation is provided for expenditures.
 - Expenses-to-budget are allowable, allocable, reasonable, and consistent.
 - Cost-share commitments are documented and met in the invoicing process.
- Assists PI with questions regarding subrecipient invoices.

Associate Vice President for Financial Services (AVPFS)

- Determines how to proceed should an entity be debarred from receiving federal funds.
- Determines how to proceed with a "high risk" subrecipient.

F. Procedures

Procedures established for subrecipient risk assessment and monitoring are in compliance with federal OMB Uniform Guidance, applicable standards of other sponsors, CSU regulations, and campus policies. Sponsored programs subrecipient monitoring procedures and documents are identified below:

- Sponsored Programs Subrecipient Monitoring-Review Procedures

G. Laws, State Codes, Regulations and Mandates

- 2 CFR Part 215, Section C (formerly OMB Circular A-110)
http://www.whitehouse.gov/omb/circulars_a110/
- OMB Uniform Guidance (formerly 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

- 31 USC 7502(f)(2)(B) Single Audit Act Amendments of 1996 (Pub. L. 104-156)
http://www.whitehouse.gov/lomb/financial/fin_single_audit.html
- Integrated California State University Administrative Manual (ICSUAM) 11002.05 | Subrecipient Monitoring
<http://www.calstate.edu/licsuam/documents/Section11000.pdf>

H. Resources

- Glossary of Commonly-Used Terms in Sponsored Programs