

## **SUBRECIPIENT MONITORING (TULANE UNIVERSITY POLICY)**

<b>Responsible University Official:</b>	Director of Sponsored Projects Administration (“ <u>SPA</u> ”) and Director of Grants and Contracts Accounting (“ <u>GCA</u> ”)
<b>Responsible Office:</b>	SPA and GCA
<b>Coordinating Persons/Departments:</b>	Principal Investigators, departments and units with sponsored projects that include Subrecipients
<b>Issued Date:</b> 05/11/2010	<b>Effective Date:</b> 12/1/2016
<b>Last Reviewed Date:</b> 11/21/2106	<b>Next Review Date:</b> 12/01/2018
<b>Companion Document:</b>	<a href="#"><u>Procedures and Responsibilities for Monitoring Subrecipients Under Sponsored Projects</u></a>

---

### **I. Background**

As a condition of accepting funding from external sources, Tulane University (“Tulane” or “University”) is obligated in its role as primary recipient to undertake certain stewardship activities. This policy seeks to:

- Promote stewardship of funds used to pay Subrecipient organizations;
- Promote appropriate responsibility and accountability for Subrecipient relationships;
- Promote compliance with Federal requirements related to Subrecipient monitoring;
- Ensure that Tulane and its sponsors receive value for funds expended; and
- Ensure that project costs incurred by Subrecipients are reasonable and allowable.

### **II. Definitions**

- A. “**Non-U.S. Based Entity**” means a legal entity formed under the laws of a state other than a state (or instrumentality thereof) of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any U.S. protectorate.
- B. “**Pass-through Entity (PTE)**” means a non-Federal entity that provides a subaward to a Subrecipient to carry out part of a sponsored program.
- C. “**Subrecipient**” means the legal entity to which a Subaward is made and which is accountable to the University for the use of the funds provided in carrying out a portion of the University’s programmatic effort under a sponsored project.
- D. “**Subaward**” means a lower tier award of financial support from a pass-through entity (PTE)(e.g., Tulane) to a Subrecipient for the performance of a substantive portion of the program. These terms do not apply to the procurement of goods and services.
- E. “**Contractor (formerly referred to as Vendor)**” is a person or organization that as part of its normal business operations provides the same or similar commercially available goods or services to many different purchasers in a competitive environment without altering the product. These goods or services are ancillary to the operation of the award. This is a procurement arrangement, not a Subaward.

- F. **“Uniform Guidance (UG)”** means the federal regulations issued by the Office of Management and Budget (OMB Circular A-81) that set requirements for PTEs to engage and monitor Subrecipients.

### III. Scope

This policy applies to all Subawards issued under sponsored awards made to Tulane. This policy does not apply to University agreements with Contractors.<sup>1</sup>

### IV. Policy

Tulane’s policy is to comply with federal regulations with respect to Subrecipient monitoring. This includes, but is not limited to the following processes:

- A. **Determining a Subrecipient:** The principal investigator (“PI”) determines whether a Subrecipient is necessary for the performance of a sponsored project.
- B. **Pre-Qualification of Subrecipients:**  
Prior to entering into an agreement with a potential Subrecipient, the University will assess the Subrecipient’s financial status and internal controls and establish agreement terms and conditions consistent with the level of perceived risk.
- C. **Establishing a formal relationship between the University and Subrecipient:**
- a. Terms and conditions determined by the Pre-Qualification procedures shall be documented in a formal agreement (subaward) between the University and an authorized representative of the Subrecipient organization.
  - b. The agreement shall include flow-down requirements (including reporting) imposed upon Subrecipients by Federal laws and regulations of the prime award agreement.
  - c. For federal awards, the subaward shall reflect information and data elements required by the OMB Uniform Guidance (e.g. the Catalog of Federal Domestic Assistance (“CFDA”) title and number, award name and number, award year, sponsor, etc.).
  - d. For research projects involving the use of human subjects, the University will issue a subaward only if the University’s Human Research Protection Office has confirmed that the appropriate IRB approvals are in place.
- D. **Post-Award Subrecipient Monitoring:** The University will monitor a Subrecipient for its compliance with the agreement’s terms and conditions during the life of the project. Monitoring will determine that the costs and activities are appropriate, that funding provided to the Subrecipient is used for purposes authorized and that the performance goals (i.e., scope of work or specific aims) are achieved. The frequency and intensity of the monitoring will be driven by the results of the Pre-Qualification assessment conducted by the University and sponsor flow-down terms and conditions.
- a. **Principal Investigator Oversight of Subrecipient:** The PI has primary responsibility for monitoring the performance of the Subrecipient as documented by the approval of Subrecipient invoices, reporting, completion of milestones and other oversight activities.
  - b. **Annual Audits:** The University shall confirm that Subrecipients expending \$750,000 or more in Federal awards during the Subrecipient’s fiscal year are compliant with

---

<sup>1</sup> See 2 CFR 200.330(b)

the Uniform Guidance (UG), Subpart F audit requirements. While the UG requirement does not apply to (a) for-profit organizations,<sup>2</sup> or (b) Non-U.S. Based Entities, some sponsors may require the application of (1) a financial-related audit as defined in and in accordance with the Government Auditing Standards; or (2) an audit that meets the requirements of UG, Subpart F.

- c. **Unfavorable Audits:** Upon receipt of an unfavorable audit report from a Subrecipient, the University will confirm that the Subrecipient has taken appropriate and timely corrective action. If a material weakness or other reportable condition exists, monitoring of the Subrecipient may be more frequent and management actions may be taken as appropriate.
  - d. **Financial Adjustments:** The University shall consider whether Subrecipient audit results necessitate adjustment of the University's financial records.
  - e. **Access to Records:** The University shall require each Subrecipient to permit the sponsor and/or University and its auditors to have access to the Subrecipient's pertinent records and financial statements pertaining to the Subaward, as necessary and upon request.
  - f. **Conflicts of Interest:** The Subrecipient must provide the University assurances that the entity has a written policy that addresses conflicts of interest.
    - i. If the award will involve Public Health Service (PHS) funding, the Subrecipient must comply with *42 CFR Part 50, Subpart F, Responsibility of Applicants for Promoting Objectivity in Research for Which Public Health Service Funding Is Sought* ("PHS FCOI Regulation").
      - 1. If the Subrecipient maintains its own PHS-compliant conflict of interest policy, the University will require the entity to report to the PI and SPA identified financial conflicts of interest.
      - 2. If the Subrecipient does not maintain its own PHS-compliant policy it must follow the Tulane Policy on Conflicts of Commitment and Interest. The University will require Subrecipients to follow training, disclosure and management procedures defined in the University Policy.
    - ii. If the award will involve National Science Foundation (NSF) funding, the Subrecipient will be required to provide assurances that it has a conflict of interest policy that complies with 59 FR 33308 and 60 FR 35820.
    - iii. The Subrecipient must provide assurance of compliance with COI regulations of other sponsors as applicable.
  - g. Non-compliance:** The University may report incidents of non-compliance with federal regulations or subaward terms and conditions to the sponsor.
- E. **Procedures for Evaluating and Monitoring Subrecipients:** The University will follow procedures specified in "Procedures and Responsibilities for Monitoring Subrecipients Under Sponsored Projects" to ensure compliance with federal requirements for Subrecipient monitoring and to mitigate risk to the University.

---

<sup>2</sup> See 2 CFR 200.501(h)

## **VI. Related Policy, Statutory or Regulatory References**

- A. [Tulane University Procedures and Responsibilities for Monitoring Subrecipients Under Sponsored Projects](#)
- B. [OMB Circular A-81: Uniform administrative requirements, cost principles and audit requirements for Federal awards](#)
- C. [31 USC 7502\(f\)\(2\)\(B\)\(Single Audit Act Amendments of 1996 Pub. L. 104-156\)](#)
- D. [42 CFR Part 50, Subpart F](#) (PHS conflict of interest regulations)
- E. [59 FR 33308 and 60 FR 35820](#) (NSF “Financial Disclosure Policy” requirements)