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# Subrecipient Monitoring: The Basics

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# Welcome!

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## Goals

- Explore ways to minimize the burden of 2 CFR 200 requirements
- Recognize additional requirements for risk assessment and monitoring
- Understand documentation obligations for monitoring
- FFATA Reporting

# About Us

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*Donna Kiley – Former Director Post Award*

*Regnier Jurado – Director Research  
Management Solutions*



# Florida SUS



# **Subrecipient Management and Monitoring**

## **What 2 CFR 200.331-333 requires...**

### **Lots and Lots of stuff Like....**

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#### **Pre-Award** (2 CFR Part 200.331)

- Subrecipient vs. contractor determination must be made and documented
- Perform a risk assessment of the Subrecipient
- Fixed price subawards require the prior written approval from the Federal awarding agency (2CFR 200.333)

#### **More prescriptive Post-Award requirements** (2 CFR Part 200.332)

- Add a lengthy list of elements to the subaward terms
- Establish a monitoring plan for the subrecipient and enforcement action against noncompliant subrecipients
  - Financial review and Programmatic review
- Must use subrecipient's negotiated F&A rate or provide a 10% MTDC "de minimis" rate (or another negotiated rate with the subrecipient)

# Requirements for Pass Through Entities

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- Subrecipient and Contractor Determination
- Risk Assessment and Analysis
- Financial and Performance Monitoring
- Enforcement

# FIU Policy Statement

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If a sponsored project award includes a subcontract, ORED will conduct a risk analysis on each proposed subcontractor to determine whether the subcontractor is fiscally sound such that a subcontract may be issued. If ORED's risk analysis allows for the issuance of the subcontract, ORED Pre-Award, in consultation with the PI, will prepare and execute the subcontract and any modifications thereto on behalf of the University.

If ORED's risk analysis results in a determination that a subcontract cannot be issued, the PI will be informed, and an alternate subcontractor will be required. ORED will also notify the sponsor of the alternate subcontractor, as needed.

If a subcontract is executed, the subcontractor invoices shall be processed as set forth in the Procedures section below.

# FIU Policy Statement (cont.)

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It is the responsibility of the PI to ensure that all subcontractors that the PI selects have the technical expertise to perform the work required by the subcontract. If the sponsor award requires the sponsor's prior approval for subcontractors or if the sponsor award contains any export control requirements (e.g., no foreign nationals may work on the project or the sponsor must pre-approve any foreign nationals on the project) and/or a technology control plan is in place to address the export control requirements of the sponsor award, the PI must ensure that he/she has such written approvals and/or complies with the requirements of the technology control plan prior to requesting that ORED prepare the subcontract.

<https://policies.fiu.edu/files/367.pdf>

<https://policies.fiu.edu/files/368.pdf>



# Subrecipient and Contractor Determination 2 CFR 200.331(a-c)

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- Pass-through entities must make determinations
  - “Contractor” has replaced “vendor”
  - Characteristics of a subrecipient and of a contractor (formerly vendor) have not changed
- **Subrecipient:**
    - Has performance measured against the objectives of the Federal program
    - Has responsibility for making programmatic decisions
    - Has responsibility for adherence to Federal program compliance requirements
    - Uses Federal funds to carry out a program of the organization, not to provide goods or services for a program of the pass-through entity
    - Determines who is eligible to receive Federal financial assistance
  - **Contractor:**
    - Provides the goods or services within normal business operations
    - Provides similar goods or services to many different purchasers
    - Operates in a competitive environment
    - Provides goods or services that are ancillary to the operation of the Federal program
    - Is not subject to compliance requirements of the Federal program

# Poll Question

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The term “Vendor” was replaced in 2 CFR 200.331 with:

- A. Consultant
- B. Contractor
- C. Buyer

## Checklist to Determine Subrecipient or Contractor Involvement

**OBJECTIVE:** Generally, the determination of the relationship with an entity is verified through the institutional review of the proposal narrative, budget justification, and other related proposal documents, as well as through discussions with key personnel prior to proposal submission. When the relationship remains unclear, this form may provide assistance in making an accurate determination.

**INSTRUCTIONS:** Complete sections one and two of the checklist by marking all characteristics that apply to the outside entity. The section with the greatest number of marked characteristics indicates the likely type of relationship the entity will have with the University. On occasion there may be exceptions to the type of relationship indicated by the completed checklist. In these situations, the substance of the relationship should be given greater consideration than the form of agreement between the University and the outside entity. Section 3 should be used to provide documentation on the use of judgement in determining the proper relationship classification.

**NAME OF OUTSIDE ENTITY:** \_\_\_\_\_

### SECTION 1 - SUBRECIPIENT

**Description:** A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- ☐ 1. Determines who is eligible to receive what Federal assistance;
- ☐ 2. Has its performance measured in relation to whether objectives of a Federal program were met;
- ☐ 3. Has responsibility for programmatic decision making;
- ☐ 4. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

*Entities that include these characteristics are responsible for adherence to applicable Federal program requirements specified in the Federal award.*

### SECTION 2 - CONTRACTOR

**Description:** A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- ☐ 1. Provides the goods and services within normal business operations;
- ☐ 2. Provides similar goods or services to many different purchasers;
- ☐ 3. Normally operates in a competitive environment;
- ☐ 4. Provides goods or services that are ancillary to the operation of the Federal program.

*Entities that include these characteristics are not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.*

### SECTION 3 - USE OF JUDGEMENT

**Description:** In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

**Explanation of Use of Judgement Determination:**

### FINAL DETERMINATION:

☐

**SUBRECIPIENT**

☐

**CONTRACTOR**

**Authorized Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### DEFINITIONS FROM Uniform Guidance (2 CFR, Part 200)

#### **Subrecipient (§200.93):**

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

#### **Contractor (§200.23):**

Contractor means an entity that receives a contract as defined in §200.22 Contract.

§200.22Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.

# Risk Assessment

## 2 CFR 200.332(b)

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- A pass-through entity **must** evaluate each subrecipient's risk.

# **Risk Assessment**

## **2 CFR 200.332(b) (cont.)**

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### **Additional tools to assess risk**

#### **Federal Demonstration Partnership (FDP)**

- Risk Assessment Questionnaire (RAQ)
- Continuing Assessment Tool (CAT)
- Expanded Clearinghouse

# Risk Assessment

## 2 CFR 200.332(b) (cont.)

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Additional tools to assess risk

Federal Demonstration Partnership  
(FDP) Expanded Clearinghouse

<https://fdpclearinghouse.org/>

- Goal of FDP Expanded Clearinghouse is to reduce the administrative burden and streamline Subrecipient monitoring.
- Clearinghouse contains publically available institutional profiles to facilitate Subrecipient entity monitoring and subaward issuance obligations of pass-through entities.
- Expanded Clearinghouse participants agree not to ask each other for Institution specific information.

# Poll Question

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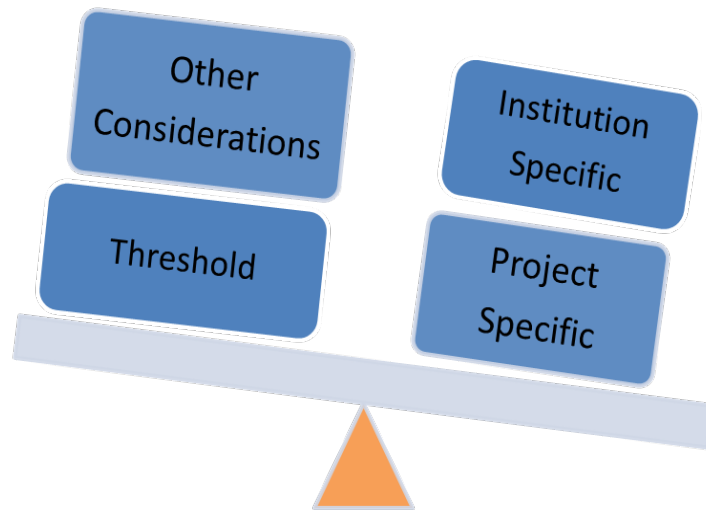
What is the goal of the FDP expanded clearinghouse?

- A. To review universities risk assessments
- B. Match universities with federal agencies
- C. Streamline subrecipient monitoring

# Risk Mitigation

## 2 CFR 200.332(c)

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# Risk Mitigation

## 2 CFR 200.332(c) (cont.)

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Pass-through entity **must** consider imposing specific subaward conditions upon a Subrecipient is appropriate.

### Possible Ways to Mitigate Risk on Subawards

- Require strict payment or deliverable schedule
- Tie invoices/payments to deliverables
- Request more frequent invoices and/or reports
- Request backup documentation on invoices

# Poll Question

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A possible way to mitigate risk on a subaward would be:

- A. Tie invoice and payments to deliverables
- B. Call the subawardee
- C. Contact another university that has worked with the subawardee

# Subaward Monitoring

## 2 CFR 200.332(d)

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Pass-through entities **must** monitor the activities of the Subrecipient as necessary to ensure the subaward is used for authorized purposes.

- Review financial and programmatic reports 2 CFR 200.332(d)(1)
- Follow up and ensuring that timely action on all deficiencies are taken 2 CFR 200.332(d)(2)
- Issue a management decision for audit findings 2 CFR 200.332(d)(3)



Florida International University  
**Subcontract/Consultant Invoice Approval Form**

Project ID Number:

FIU Principal Investigator:

Subcontractor/Consultant:

Invoice #

Are the amounts invoiced reasonable based on the technical progress of the project?

☐ Yes ☐ No

Is the subcontractor/subrecipient satisfactorily performing the Scope of Work?

☐ Yes ☐ No

Have all issues (if any) with the fiscal administration of the subaward been addressed with Post Award?

☐ Yes ☐ No

If you answered **No** to any of these questions, please describe your plan of action to remedy the situation.

**I certify 1) that the information submitted above is accurate to the best of my knowledge; 2) that any false, fictitious, or fraudulent statements or claims may subject me (the Principal Investigator) to criminal, civil, or administrative penalties; and 3) that I (the Principal Investigator) accept the responsibility for the scientific conduct of my project's subrecipients.**

PI Signature:

PI Name:

Date:

# Enforcement

## 2 CFR 200.332(h)

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- Pass-through entities **must** consider taking enforcement action against noncompliant subrecipients as described in 2 CFR 200.339 (remedies for noncompliance)



# Subrecipient Enforcement Measures—Post Award

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- Contact subrecipient officials to discuss areas of concern
- Review backup documentation to support invoice expenditures
- Review subrecipient single audit or program specific audit results, if available
- Make site visits to review supporting documentation to support invoiced expenditures.
- Arrange for outside audit

# Poll Question

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What would be considered an example of an enforcement action?

- A. Contact subrecipient to discuss area of concern
- B. Make a site visit to review subrecipient documentation
- C. All of the above



# Close-out Stage

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Meet with PI to ascertain successful project completion by subrecipient

- Verify receipt of all technical and financial reports
- Cost Reimbursable: Verify receipt and accuracy of invoice marked “FINAL”
- Fixed Price Sub: Confirm receipt of certification of Completion (200.201(b)(3))



# Federal Funding Accountability & Transparency Act (FFATA)

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- FFATA signed September 6, 2006
- Required on grants awarded on or after October 1, 2010
- Required on contracts awarded on or after July 8, 2010.
- FAR 52.205-10 (Reporting Executive Compensation and First Tier Subcontract Awards)

# FFATA: Some Key Points

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- Unique Entity Identifier (UEI)
- What happens if you don't find your award on the system?
- Document tracking if you are unable to report.
- Do not execute the agreement if your sub has not provided you the required information for reporting.
- Keep track of reporting deadlines.

# Updates

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- NOT-OD-23-182: NIH Final Updated Policy Guidance for Subaward/Consortium Written Agreements
- Proposed Revisions to Uniform Guidance

# Questions?

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# Contact Information

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