Alfred University
Sponsored Projects Subaward Policy

Context

Alfred University is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of sponsor funds. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (“Uniform Guidance”), specifically §200.331, requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level, monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal statutes, regulations, and terms of the subaward, and verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

For non-federal awards, Alfred University may also be required by the sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and account for the sponsor’s funds.

The following policy applies to all subawards issued under sponsored projects made to Alfred University, without regard to the primary source of funding. This policy does not apply to consultant agreements or the procurement of goods or services from Contractors.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and jeopardize current and future funding. It is the responsibility of Alfred University, as the pass-through entity, to ensure the good stewardship of sponsored funding. All funds assigned to subrecipient organizations should receive the same diligence as sponsored funds that remain at Alfred University.

Policy Guidance

Determination of Subrecipient vs. Contractor:

Alfred University must make a case-by-case determination whether each agreement it makes for the disbursement of federal or non-federal project funds casts the party receiving the funds in the role of a Subrecipient or a Contractor. Subrecipients follow different rules and regulations than Contractors. The University uses the same classification procedures prior to hiring a contractor or establishing a subaward. These procedures are designed to meet the criteria set forth in OMB Uniform Administrative Requirements 2 CFR §200.330 and are applied consistently to all outside sponsored awards regardless of the purpose or the source of funding.

After referencing the “Subrecipients, Contractors, and Consultants on Sponsored Projects Guidance” document prepared by the Office of Sponsored Projects (OSP), and consulting with OSP and Human Resources as necessary, PI/PDs will make a recommendation to classify the entity as a subrecipient at the time of proposal.
Pre-Qualification of Subrecipients:

Alfred University assesses, among other factors, the Subrecipient organization’s financial status and internal controls based on documentation from the Subrecipient and other independent sources, in order to determine whether to proceed with the Subrecipient. OSP will issue to proposed subrecipients a “Subrecipient Commitment Form” at the time of proposal. The Subrecipient Commitment Form requests a variety of information, including information on the financial status of the proposed subrecipient entity.

Once the Subrecipient Commitment Form is returned, OSP will complete the “Subrecipient Risk Analysis Form”. If the risk analysis results in a high level of financial risk, OSP will consult with the University Business Office, Provost, and University Legal Counsel as necessary to develop a proposed risk mitigation strategy that may include special terms and conditions in the subaward agreement or other forms of more robust monitoring procedures in accordance with OMB Uniform Guidance. In rare instances, AU may determine that the risk of entering into a subaward with the proposed entity is excessive and not move forward with executing the agreement.

Negotiating and Executing Subrecipient Agreements

Alfred University employs the standard FDP subaward template when issuing subawards as applicable. The terms and conditions of the standard template may be changed by OSP depending on the prime award and/or risk level of the subrecipient.

Post-Award Subrecipient Monitoring

As a pass-through entity, AU must monitor the subrecipient to ensure that the subaward is used for authorized purposes, is in compliance with Federal statutes and regulations, and achieves performance goals. Subrecipient monitoring responsibilities are shared between OSP and Principal Investigators, and include the following:

Principal Investigator (PI/PD):

1) Monitor programmatic/technical progress and ability of the subrecipient to meet objectives of the subaward (which may include as appropriate: detailed review of programmatic/technical reports, providing subrecipients with training and technical assistance on program-related matters, performing on-site reviews of the subrecipient’s program operations, etc.)
2) Provide written confirmation of subrecipient compliance with programmatic/technical progress to OSP via signature on subrecipient invoices and/or email confirmation OR notify OSP of issues of non-compliance or performance deficiencies.
3) Follow up to ensure that the subrecipient takes timely and appropriate action to correct programmatic/technical deficiencies.

Office of Sponsored Projects (OSP):

1) Review of subrecipient invoices within the context of the project budget in order to identify any anomalies in spending.
2) Review of other financial reports as required by the subaward agreement.
3) Collect a new audit report or financial information from the subrecipient annually; re-evaluate organizational risk assessment via completion of a new Subrecipient Risk Analysis Form annually.

4) Work with PI/PD, Dean(s), and or Provost to develop corrective action plans and/or increased monitoring procedures for subrecipients with programmatic/technical deficiencies or anomalous financial reports.

Closeout of Subrecipient Agreements

Early Termination – Early termination of a subrecipient agreement may occur for a number of reasons, which include but are not limited to: a) failure of the subrecipient to perform; b) relocation or illness of the subrecipient’s principal investigator; c) termination by the project’s sponsor. The subrecipient agreement will authorize early termination and specify the conditions. With regard to failure to perform, AU’s principal investigator and/or OSP will maintain and retain documentation supporting the lack of progress by the subrecipient and recorded communications with efforts to correct the situation.

Regular Closeout – Before a final invoice can be paid, the AU PI/PD must certify that all technical reports and/or deliverables have been received and that the subrecipient has fulfilled its obligations. Final verification of technical completion by the subrecipient is indicated by the PI’s signature and date on the final invoice. In addition, all final closeout documents as applicable will be completed.

Summary of Procedures Detailed Above

1) PI/PD and OSP utilize “Subrecipients, Contractors, and Consultants on Sponsored Projects Guidance” document to correctly classify a potential subrecipient entity at the pre-award/proposal submission stage.

2) OSP issues potential subrecipient a “Subrecipient Commitment Form”.

3) OSP completes a “Subrecipient Risk Analysis Form” after receipt of information contained in the Subrecipient Commitment Form.

4) If award is funded, OSP drafts, negotiates, and obtains full-execution of an appropriate Subrecipient Agreement.

5) Post-Award subrecipient monitoring responsibilities are conducted (see breakdown/responsible parties as detailed above).

6) OSP conducts closeout procedures of the subaward after certification from the PI/PD that all technical reports and/or deliverables have been received.