

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.85

Policy Name: Subrecipient Monitoring Procedures

General Policy and Procedure Overview:

The University of Missouri (the University) issues subawards to subrecipients to augment the University's core capabilities. Administration of these subawards is specifically addressed in Office of Management and Budget (OMB) [Circular A-110](#). Specific monitoring requirements of the subrecipients are contained in [OMB Circular A-133](#) and the accompanying [Compliance Supplement](#).

The University is responsible for the subrecipients' use of federal funds. OMB [Circular A-110](#) requires the University to establish a system of internal controls to ensure that subrecipients use federal funds in accordance with laws, regulations and contract/grant agreements. This document presents the University's policy and procedures required to implement necessary internal controls and ensure compliance with federal regulations and University policies regarding subaward and subrecipient management and monitoring.

Definition of Key Terms:

CFDA Number: The Catalog of Federal Domestic Assistance ([CFDA](#)) Number. Each federally funded assistance program is assigned a unique five digit number. The first two digits identify the agency and the last three digits identify the program.

Excluded Parties List System ([EPLS](#)): The federal government website that lists all organizations that are barred from receiving federal funds.

Federal Awarding Agency: The federal agency providing funds to the University that are passed-thru to the subrecipient.

Harvester: The Federal Audit Clearinghouse [website](#) that contains data pertaining to audit reports for entities subject to A-133 audits.

Manager: Associate Director for Pre-Award or Post-Award Services (or equivalent) in the Sponsored Programs Office.

Principal Investigator (PI): The individual responsible for the development, writing, and conduct of a sponsored award, including primary responsibility for the technical and fiscal management of the award.

Prime Award: The award made to the University by the federal awarding agency.

Sponsored Programs Office (SPO): Each campus has an administrative office established to manage administrative duties and monitor compliance for externally sponsored program activity. The administrative name used on each campus is different, while the functions remain the same; SPO is a term used to refer to all four campus offices.

SPO Accountant: An accountant within the SPO responsible for project accounting.

Subaward: An agreement entered into by the University and another entity in which the University agrees to fund the entity to conduct a portion of the tasks required to complete a Prime Award received by, and in collaboration with, the University. The subaward document identifies all terms and conditions of the agreement. Buying expertise such as consulting and buying products typically do not qualify as subawards.

Subaward Negotiator: The individual responsible for negotiation and execution of subaward agreements.

Subrecipient: An entity with which the University enters into an agreement to perform a portion of the tasks specified in the Prime Award made to the University.

Detail Policy and Procedure:

Subrecipient monitoring starts with the preparation and issuance of the subaward document, continues through the execution of the subaward, and ends after all conditions of the subaward have been met and the subaward is closed.

Before Execution of Subaward

The PI must provide a scope of work and budget for the subaward developed in collaboration with the subrecipient. A subaward should be initiated during the development of a funding proposal. Before proceeding with work or issuing a subaward, the following must be completed:

- Sponsor approval for the subaward,
- Approval by a manager in the SPO, and
- SPO must review the [EPLS](#) site to determine if the potential subrecipient is debarred or suspended and document the results in the financial management system.

The Subaward Negotiator(s) on each campus is responsible for informing all subrecipients of the federal laws and regulations that pertain to the subrecipient as a result of accepting federal funding. If the subaward is federally funded, the University must provide the federal award information including, but not limited to, the CFDA number, prime award number, federal agency issuing the prime award and all applicable compliance requirements. If the subrecipient is a for-profit or foreign entity, the University may be required to include specific federal compliance requirements in the subaward document. If the University imposes additional requirements on the subrecipient, then those requirements must be identified in the subaward documents. A copy of the subaward must be provided to the Controller's Office.

The SPO must identify a point of contact (POC) for administration including the POC name, mailing address, phone number, fax number and email address and enter the information in the financial system. This information is critical for detective controls that will be used in the subaward monitoring phase of the agreement.

The SPO will check the grants management database to determine if there is current monitoring information for the potential subrecipient and document the results. If there is no monitoring information or the monitoring information is out of date (more than one year old) then the SPO will send the subrecipient the Subrecipient Monitoring Letter ([APM 60.85.02 – A-133 Subrecipient Monitoring Letter](#)) and Subrecipient Monitoring Questionnaire ([APM 60.85.01 - Subrecipient Monitoring Questionnaire](#)) and place an entry in the financial system indicating that no invoices may be processed until the required information has been received. The SPO will notify the subrecipient that the subaward may be issued prior to receipt of these documents but that no invoices will be paid until these documents have been completed and received.

Subaward Project Monitoring Phase

The University monitors the use of federal funds to include compliance with all laws and regulations cited in the subaward document during its execution and may include:

- the review of required periodic financial and technical reports submitted by the subrecipient;
- regular contact with the subrecipient by both the PI and the SPO Accountant;
- performing site visits at the subrecipient to review financial and programmatic records and observe operations; and
- other means as deemed necessary to ensure compliance with the provisions of the subaward document.

While these controls are detective in nature, they provide an assurance that subaward execution is in compliance with all subaward provisions.

The SPO accountant must check the financial database to determine that the [APM 60.85.03 - Risk Assessment Worksheet \(Risk Assessment\)](#) for the subrecipient is current and check the EPLS site for debarment or suspension before any payments are made. The results of these checks must be documented in the financial system. If the [Risk Assessment](#) is not current, or the subrecipient has been debarred, the SPO manager and Controller's office should be contacted to determine appropriate actions.

When the completed Monitoring Letter and Monitoring Questionnaire are received, the Controller's Office will document receipt of the letter and questionnaire in the financial system, review the [Harvester Clearinghouse](#) if available, and complete the [Risk Assessment](#). No subrecipient payments may be made until the Risk Assessment is completed by the Controller's Office.

Subrecipient Review Phase

All subrecipient financial or audit reports, letters and questionnaires submitted by subrecipients, regardless of where received, shall be forwarded to the Controller's Office. The Controller's Office will enter the data from the questionnaire or audit report into the financial system.

Each month the Controller's Office will run and analyze a subrecipient monitoring report to determine the status of subrecipient monitoring and determine the date of the last monitoring activity across the system as a detective control. If the subaward monitoring information is incomplete the Controller's Office will follow up with the subrecipient.

For those entities with active subawards that have not been reviewed within the past 12 months, the Controller's Office will note in the financial system that the subrecipient does not have a current risk assessment and either send the [Subrecipient Monitoring Letter](#) and [Subrecipient Monitoring Questionnaire](#) or for those with incomplete information take the follow-up action identified in the report. The [Risk Assessment](#) must be prepared after receiving the information. The cover letter should indicate that this is the second (or greater) attempt to obtain information and no invoice payments will be made until the information has been returned.

The Controller's Office will:

- Conduct a search of [Harvester](#) to determine the audit status of the subrecipient.
- Determine if the subrecipient has:
 - Audit findings
 - Questioned costs
 - Significant control deficiencies
 - Material control weaknesses
- Prepare the Risk Assessment,
- Review the audit and determine if a management decision may be required.
- If the subrecipient has audit findings, questioned costs, significant or material control weaknesses, the Controller's Office will make a decision regarding the appropriate steps to take.

If there are no audit findings, the Controller's Office will document the date and results of the review and the review will be deemed complete.

Upon completion of any necessary management decisions, the Controller's Office will determine any appropriate adjustments to financials, or additional follow-up or monitoring deemed appropriate.

Responsibility

Subaward negotiator

- Obtain federal agency approval before work begins and before issuing the subaward
- Inform subrecipients of federal laws, regulations and compliance requirements and additional compliance requirements imposed by the University
- Inform federally funded subrecipients of CFDA number, prime award agency, and prime award number
- Ensure subaward includes necessary specific compliance requirements for for-profit or foreign entities
- Document subrecipient administrative POC information
- Document the review for current monitoring and [Risk Assessment](#) information
- Send [Subrecipient Monitoring Letter](#) and [Subrecipient Monitoring Questionnaire](#) as necessary and place an entry in the financial system indicating that no invoices may be processed until the required information has been received
- Conduct and document a review of EPLS prior to issuing the subaward

Sponsored Programs Office

- Receive and review executed subaward document for completeness including POC

- Review invoices against subaward budget to ensure expenses are within budget
- Ensure invoices cover activities incurred within the period of availability of funds
- Obtain PI review of invoices and approval to pay
- Resolve invoice questions and discrepancies with subrecipient
- Document [EPLS](#) review during invoice processing ensuring subrecipient is not debarred or suspended
- Review financial system for current risk assessment and document the results
- Closing out subawards in accordance with Accounting Policy [APM 60.20 - Closing Sponsored Awards](#).

Principal Investigators

- Provide a scope of work and budget for the proposed subaward
- Review invoices and, if appropriate, approve for payment
- Review and approve subaward changes
- Review and approve technical reports
- Monitor the activities of the subrecipient to ensure subrecipient compliance
- Ensure timely receipt of acceptable deliverables

Controller's Office

- Ensure all subrecipient monitoring documents have been received and documented
- Receive and retain all subrecipient questionnaires and other information
- Conduct reviews of subrecipient audit reports questionnaires, and other subrecipient monitoring documentation
- Complete the Risk Assessment
- Run and analyze monthly subrecipient monitoring reports
- Issue management decisions
- Monitor implementation of management decisions
- Maintain a database of monitoring activities
- Conduct period reviews of the monitoring activities database

Effective Date: July 1, 2007

Revised Date: December 18, 2007

Questions and Comments?

Any questions regarding the approved Accounting Policy and Procedure should be directed to the Controller's Office, 118 University Hall, Columbia MO 65211, phone 573-882-4286.