

MCRI Subrecipient Monitoring Procedure

1. SCOPE

- 1.1. System-wide
 - This procedure is applicable to any sponsored proposal submitted and/or subsequent award funded through Marshfield Clinic Research Institute that includes subrecipients.
- 1.2. Facilities and departments included in the scope are further defined in the [Scope Definitions Resource Guide](#) if not specifically outlined above.

2. DEFINITIONS & EXPLANATIONS OF TERMS

- 2.1. Abbreviations:
 - F&A: Facilities and Administrative
 - MCRI: Marshfield Clinic Research Institute
 - OMB: Office of Management and Budget
 - PD: Project Director
 - PI: Principal Investigator
 - SMC: Subrecipient Monitoring Committee
 - SP: Sponsored Programs
- 2.2. Definitions:
 - Federal Audit Clearinghouse: A division of the Office of Management and Budget (OMB) that collects information on audit results.
 - Uniform Guidance: An OMB publication entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Code of Federal Regulations, Title 2 – Subtitle A – Chapter II – Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
 - Pass through entity: A non-federal entity that provides a federal award to a subrecipient to carry out a federal program. Also referred to as a PTE in federal documents.

- Prime recipient: The direct recipient of funds to support a sponsored research project.
- Subaward (subcontract or subgrant): An enforceable agreement, made under a prime award, between a prime recipient and a subrecipient for the performance of a substantive portion of the program. These terms do NOT apply to the procurement of goods or services from a vendor.
- Subpart F, Uniform Guidance: Subpart F sets standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.
- Sponsored project: A funding arrangement in which MCRI is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise.
- Subrecipient (subcontractor or subawardee): An organization eligible to receive a financial award. A subrecipient's performance is measured against whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services.
- Contractor (Vendor): An organization that provides goods and services within normal business operations. Vendors provide similar goods and services to many different purchasers; operate in a competitive environment; and provide goods or services that are ancillary to the operation of the sponsored program. Vendors may not be subject to all compliance requirements.

PROCEDURE

3. PROCEDURE BODY

The frequency and scope of monitoring procedures should be determined by the responsible PI/PD, Administrators, SP Grant and Contract Specialist and the Subrecipient Monitoring Committee and/or the MCRI Executive Director. MCRI employs a risk-based approach to subrecipient monitoring, focusing more frequent monitoring efforts on those subrecipients who are deemed to pose a greater risk for potential non-compliance.

- 3.1. The PI/PD and Administrators should use the following subrecipient monitoring procedures when appropriate:
- a. The PI/PD should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated, and resolved.
 - b. The PI/PD and Administrator(s) should perform an expense to budget comparison for subagreements on a monthly basis.
 - c. The PI/PD and Administrator(s) should review invoices regularly and document their review in the project activity file. Such documentation should include PI/PD authorizing signature on invoices, email communications, notes of meetings with the subrecipient, etc.
 - d. Administrators should request the subrecipient to provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. If subaward costs are questionable, Administrators may request detailed justification to verify the allowability of the cost. Examples of detailed justifications include:
 - ☐ Payroll records or salary and fringe calculations
 - ☐ Copies of paid invoices showing item cost and Vendor Justification forms if required
 - ☐ Descriptions of services rendered by consultants including hourly rates and time reports
 - ☐ Details of incurred travel charges stating the purpose of the travel
 - ☐ Details of F&A calculations
 - e. Subrecipients not subject to Uniform Guidance Subpart F - Audit Requirements may require additional monitoring by Administrators to ensure compliance. For subrecipients deemed to require closer scrutiny, SP Grant

and Contract Specialists will work with the Subrecipient Monitoring Committee to devise monitoring plans to establish additional channels of communication and monitoring methods. MCRI's contracts with foreign or for-profit subrecipients must specifically describe applicable compliance requirements and responsibilities.

- f. The PI/PD and/or Administrator may at their discretion conduct on-site visits to evaluate compliance with the project's objectives, and the appropriateness of the subrecipient's administrative systems, processes and charges.
 - g. Audits of subrecipients may be performed on a discretionary basis in order to resolve questionable costs or other noncompliance issues. Administrators should contact SP before initiating discretionary audits.
- 3.2. SP should use the following subrecipient monitoring procedures, with input from PIs/PDs or Administrators when appropriate:
- a. Prior to issuing a subaward, a subrecipient risk assessment will be performed to identify additional monitoring procedures, special terms and conditions necessary to appropriately monitor the subrecipient.
 - b. For subrecipients deemed to require closer scrutiny, SP will work with the Subrecipient Monitoring Committee to establish monitoring oversight. SP will share Subrecipient Monitoring Committee results with the PI/PD and Administrator.
 - c. Provide feedback to the Subrecipient Monitoring Committee regarding ongoing risk analysis of subrecipients.
 - d. SP staff shall review subrecipient audit reports to verify that the subrecipient has completed the Subpart F - Audit Requirements and to assess any audit findings. In the case of audit findings, SP Grant and Contract Specialists in conjunction with the MCRI Senior Accountant are responsible for reviewing the subrecipient's corrective action plan and issuing MCRI's management decisions. Any audit findings, corrective action plans and management decisions will be provided quarterly to the Subrecipient Monitoring Committee.
- 3.3. The Subrecipient Monitoring Committee (SMC) shall conduct the following subrecipient monitoring when appropriate:
- a. The Committee regularly reviews all active subrecipients, paying particular attention to those that are deemed to require closer scrutiny in light of considerations including, but not limited to, the following:
 - ☐ MCRI's current and prior experience with the subrecipient

- ☐ The size of the subrecipient award's annual budget and size relative to the subrecipient's total sponsored funding portfolio
 - ☐ The percentage of the program award passed through to the subrecipient
 - ☐ The complexity of the award, sensitivity of the work and/or scope of governing regulations
 - ☐ The international location of the subaward or subrecipient
 - ☐ The for-profit status of subrecipient
 - ☐ The level of sophistication of the subrecipient's administrative team and financial system
 - ☐ The audit results
- b. The SMC is responsible for reviewing the subrecipient audit findings, corrective action plans and management decisions provided quarterly by the SP Grant and Contract Specialists.
- c. For entities not subject to the Uniform Guidance Audit Requirements, the SMC may request audited financial statements and/or completion of a financial capability questionnaire from the subrecipient.

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4. ADDITIONAL RESOURCES

4.1. References:

- [MCRI Subrecipient Monitoring Policy](#)

4.2. Supporting documents available:

- MCRI Subrecipient Process – 12 Steps
- Subaward Determinant Questionnaire
- Subrecipient Commitment Form
- Subrecipient Risk Assessment Request

Live

PROCEDURE

5. DOCUMENT HISTORY

Version No.	Revision Description
1.0	New Document
2.0	
3.0	

6. DOCUMENT PROPERTIES

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