

Policy 1307 Subrecipient Monitoring

Responsible Office	Grant and Contract Financial Administration	Effective Date	12/01/06
Responsible Official	Director, Grant and Contract Financial Administration	Last Revision	6/11/07

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Scope

This document applies to all subawards issued under sponsored awards made to Yale University and without regard to the primary source of funding. (See Procedure [1307 PR.01 Monitoring Subrecipient Activity Associated with Sponsored Programs](#))

This policy seeks to:

- promote stewardship of funds used to pay subrecipient organizations;
- promote appropriate unit-level and individual responsibility and accountability for contractual subrecipient relationships;
- promote compliance with federal, state, and other legal requirements related to subrecipient monitoring; and
- ensure that the University and its sponsors receive value for funds expended.

This policy does not apply to consultant agreements or procurements of goods or services from vendors.

Policy Statement

Yale University monitors the programmatic and financial activities of its subrecipients in order to ensure:

- proper stewardship of sponsor funds;
- that performance goals (scope of work or specific aims) are achieved; The terms of the subrecipient relationship shall be documented in a negotiated agreement for University by the appropriate Grant and Contract Administration office and by an authorized representative of the recipient organization. Compliance with the terms and conditions of such agreements will be monitored during the life of the agreement.

When a Principal Investigator has an interest in or a relationship with the subrecipient entity, it shall be disclosed and, where appropriate, managed by the University's [Conflict of Interest](#) Committee.

Reason for the Policy

As a condition of its acceptance of funding from sponsors, the University is obligated in its role as primary recipient to undertake certain stewardship activities as well as comply with federal, state and local regulations. When the University assigns responsibility for conducting a portion of the work sponsored by an award to a subrecipient, the University remains responsible to the sponsor for management of funds and meeting performance goals. Thus, the monitoring of technical and financial activities associated with a subrecipient is an integral part of the University stewardship of sponsor funds.

Definitions

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. The term may include institutions of higher education, for-profit corporation and foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

Subaward

An award (also referred to as a subgrant if the prime award is a grant or subcontract if the prime award is a contract) of financial support from a prime awardee (e.g., Yale) to a qualified organization for the performance of a substantive portion of the program funded under the prime award. The term also includes awards made by a subrecipient to a lower tier subrecipient. It does not include procurement of goods and services funded by a prime award, i.e., vendors are not considered subrecipients.

Policy Sections

1307.1 Pre-Qualification of Subrecipients

The University will assess the subrecipient organization's financial status and internal controls and will establish terms and conditions in the subrecipient agreement consistent with the level of perceived risk.

1307.2 Subrecipient Monitoring

The University shall perform the following stewardship activities (refer to Procedure 1307 PR.01 for specific monitoring activities) with regard to subrecipients of its sponsored awards:

1. The Provost's Committee on Conflict of Interest and Conflict of Commitment will identify and recommend the means to eliminate or manage any conflict of interest arising from a proposed subaward by the University to an entity in which the University or a faculty member has a financial interest or fiduciary relationship.
2. Advise subrecipients of requirements (including but not limited to financial and non-financial reporting) imposed on them by federal laws, regulations of the flow-down provisions of the prime contract or grant agreement and any supplemental requirements imposed by the University dependent on level of risk as determined by the University.
3. The University shall provide the best information available to describe a federal award to each subrecipient including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, the type of award, and the name of the federal sponsor as required by OMB Circular A-133.
4. Monitor the costs and activities of subrecipients as appropriate, to confirm that funding provided to the subrecipient is used for purposes authorized in the negotiated agreement and that performance goals (scope of work or specific aims) articulated in the scope of work are achieved.
5. 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 will be more frequent and management actions will be taken as appropriate.
6. Consider whether subrecipient audits necessitate adjustment of the University's financial records.

7. Require each subrecipient to permit the sponsor and/or the University and its auditors to have access to the subrecipient's pertinent records and financial statements, as necessary. Where it is not possible to obtain this access, alternate solutions may be devised but generally would require the approval of the primary sponsor.
8. Confirm that subrecipients expending \$500,000 (for fiscal years ending after December 31, 2003) or more in federal awards during the subrecipient's fiscal year are compliant with OMB Circular A-133 audit requirements. Identify any material weaknesses or reportable conditions that result from the A-133 audit.

Related Information

Procedure [1307 PR.01](#) "Monitoring Subrecipient Activity Associated with Sponsored Programs"

Federal Awarding Agency Program Regulations

- [OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations](#)
- [OMB Circular A-133: Compliance Supplement](#) (See Audit Requirements)
- [OMB Circular A-110: Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations](#)
- [31 USC 7502\(f\)\(2\)\(B\)\(Single Audit Act Amendments of 1996 \(Pub. L. 104-156\)\)](#)

Contacts

Subject	Contact	Phone
Initiating a subcontract	Grant & Contract Administration Units	Nursing & YSM: 785-4689 Central: 432-2460
Subcontractor performance	Grant & Contract Administration Units	Nursing & YSM: 785-4689 Central: 432-2460
Subcontractor payment	Grant and Contract Financial Administration	432-3060
Conflict of Interest	Conflict of Interest Committee	432-8029

Roles and Responsibilities

See Procedure [1307 PR.01](#), "Monitoring Subrecipient Activity Associated with Sponsored Programs" for specific roles, responsibilities, and procedures designed to assure compliance with this policy.

Revision History

Modified Policy 6/11/07. Revised Draft was posted on the Draft site on 10/20/06. Initially posted on the Draft site on 7/14/06

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