Subrecipient Risk Assessment/Monitoring in the Age of Uniform Guidance

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Attain LLC
Uniform Guidance
§200.205 Enforcement of the guidelines on governmentwide suspension and debarment in 2 CFR part 180

§200.213 Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

How are you accomplishing this?
Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless the conditions of §§200.207 Specific conditions, Subpart D—Post Federal Award Requirements of this part, 200.338 Remedies for Noncompliance, or one or more of the following applies:

The non-Federal entity is delinquent in a debt to the United States as defined in OMB Guidance A-129, “Policies for Federal Credit Programs and Non-Tax Receivables.” Under such conditions, the Federal awarding agency or pass-through entity may, upon reasonable notice, inform the non-Federal entity that payments must not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

How does PI review of invoices impact your ability to comply?
§200.331 Requirements for Pass–Thru Entities

- **Evaluate each subrecipient's risk of noncompliance** with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section.

- **Review the results of previous audits** including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program.

- Pass-through entity monitoring must include (1) reviewing financial and programmatic reports required by the pass-through entity.

- **Verify that every subrecipient is audited** as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.
(d) **Monitor** the activities of the subrecipient *as necessary* to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. **Pass-through entity monitoring of the subrecipient must include:**

- **Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies** pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

- **Issuing a management decision** for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate **conditions that necessitate adjustments to the pass-through entity's own records.**
§ 200.331 Subrecipient Reporting Documentation

- § 200.331 Subaward must include any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.

- § 200.331 Pass-through entity monitoring must include (1) reviewing financial and programmatic reports required by the pass-through entity.

How will your institution document compliance?
UG Sub Risk Assessment Requirements

§ 200.331 requires an evaluation of each sub’s risk of noncompliance

- Prior experience
- Results of previous audits including project specific
- New personnel or substantially revised systems
- Existence of other Federal awards
- Other considerations are allowed

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A major issue of interest to Universities is the unnecessary and unproductive duplication of audit reviews and a pass-through entity’s inability to rely on auditor and federal agency management decisions for entities already subject to the A-133 process.
Subrecipient risk is multi-faceted and no single issue should cause a subaward to be deemed high risk.
Institutional Questions

1) Location  
2) Type of organization  
3) Negotiated IDC rate agreement  
4) Audit results  
5) Maturity  
6) Conflict of interest experience

Maximum Score

9
6
3
6
6
6

36
## Project Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Prime sponsor type</td>
<td>8</td>
</tr>
<tr>
<td>2) Prime award type</td>
<td>6</td>
</tr>
<tr>
<td>3) Subaward amount</td>
<td>3</td>
</tr>
<tr>
<td>4) Percent of prime award</td>
<td>9</td>
</tr>
<tr>
<td>5) Human or animal subjects</td>
<td>9</td>
</tr>
<tr>
<td>6) Scope of work and deliverables</td>
<td>6</td>
</tr>
<tr>
<td>7) Place of performance</td>
<td>6</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>47</strong></td>
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*Slide Courtesy of Robert Prentiss, UT Austin*
The maturity of the subrecipient correlates moderately with the type, indirect cost rate agreement status, and A-133 audit status.

Less mature subrecipients tend to:
- be in industry
- not have a negotiated IDC rate agreement
- not have an A-133 audit

Prime sponsor type correlates moderately with prime award type.

Federal sponsors tend to award grants, while industry sponsors are more likely to award contracts.
So what?

What does the score mean?

What should be done with the score?

Simply checking boxes is not adequate to meet the UG requirements.
The Plan

Moderate risk threshold will be set by the institutional and project scores.

Moderate risk begins when the score equals the average plus the average deviation.

High risk threshold will be set by the total score.

High risk begins when the score equals the average plus twice the average deviation.

Content Courtesy of Robert Prentiss, UT Austin
Institutional Risk Tolerance

How much will scores vary over time?

When to apply additional monitoring or desk reviews?

How much follow-up work will desk reviews require?

Will this stand up to audit?
Demo of the FDP RAQ
Desk Audits
Desk Audits

Random Sample of Moderate Risk and All High Risk
UT Austin Desk Review Process

1. High Risk and random samples of Moderate Risk
2. Notify sub of desk review of an invoice
3. Sub given five business days to provide detail documentation
4. Acknowledge receipt and allow two weeks to provide preliminary report
5. Confer with PI as needed
6. Request missing documentation/ questioned costs
7. Sub given 5 business days to provide documentation
## UT Austin Process

<table>
<thead>
<tr>
<th>Unallowable costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional costs documentation e.g. computers, admin costs, etc.</td>
</tr>
<tr>
<td>Costs not included in the original budget e.g. equipment, foreign travel, etc.</td>
</tr>
<tr>
<td>Late transfers exceeding 90 days</td>
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<tr>
<td>Large expenditures in the last 90 days of a sub</td>
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<tr>
<td>Unusual split costs e.g. shipping, computer, etc.</td>
</tr>
<tr>
<td>Other unusual costs</td>
</tr>
</tbody>
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Roles and Responsibilities
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- Proposal Stage
- Award Stage
- Post Award
- Ongoing
- Closeout
Roles and Responsibilities

- Proposal Stage
- Award Stage
- Post Award
- Renewal
- Closeout
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