



# WPI

**Title:** Subrecipient Monitoring  
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**Created:** October 09, 2015  
**Revised:** March 3, 2021

## **Policy Statement**

Worcester Polytechnic Institute is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of sponsored funds. This policy addresses institutional responsibilities and assists faculty and staff to ensure that, in addition to achieving performance goals, subrecipients comply with Federal and sponsor regulations, guidance, and provisions of any agreements that govern the subaward.

## **Reason for Policy**

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance"), specifically sections §200.330 and §200.331, requires prime recipients of federal funds to monitor subawards and to ensure subrecipients meet the audit requirements in Subpart F and use funds in accordance with applicable laws, regulations and terms of the award. This policy is designed to provide guidance to the WPI community regarding these regulations. As a recipient of federal sponsored awards, WPI must comply with these regulations.

## **Scope**

This policy is applicable to all WPI faculty members and staff engaged with subrecipient organizations to make eligibility determinations, assess and manage risk, and conduct ongoing subrecipient monitoring activities. This policy applies to all federal and federal flow through sponsored projects. This policy does not apply to consultant agreements or the procurement of goods and services from suppliers.

## **Definitions**

**Uniform Guidance** – An OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”

**Prime Award** (contract or grant) – An award that is awarded directly by the Federal government.

**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.

Sponsored project –A funding arrangements in which the University 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 (Supplier) – An organization that provides goods and services within normal business operations. Suppliers 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. Suppliers may not be subject to all compliance requirements.

Principal Investigator (PI) – A Principal Investigator is the primary individual responsible for the preparation, conduct, and administration of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project in compliance with applicable laws and regulations and institutional policy governing the conduct of sponsored research.

## **Procedures**

### **I. Subrecipient vs. Contractor Determination**

WPI must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor (i.e. supplier). The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

### **2. Risk Analysis**

Before issuing a subaward, WPI's Office of Sponsored Programs (OSP) performs a risk assessment of the proposed subawardee. To enable OSP to complete this risk assessment, potential subawardees must complete a WPI Subrecipient Monitoring form. The Subrecipient Monitoring form collects entity information along with eligibility certifications for financial and other compliance requirements. OSP reviews the completed form and entity's audit report, if applicable, and assigns each potential subrecipient a risk score. OSP in collaboration with Sponsored Programs Accounting (SPA) will determine appropriate steps for risk mitigation.

### 3. Subrecipient Monitoring

During the period of the subaward, WPI performs the following subrecipient monitoring activities:

- **Award Terms and Conditions.** Through issuance of the subaward paperwork, OSP advises subrecipients of all applicable requirements, terms and conditions of the prime award, and other requirements that apply to the subaward. If the prime award is federally funded or if the funding to WPI is a federal flow-through award, OSP provides subrecipients with the information available to identify the Federal prime award, including but not limited to the Catalog of Federal Domestic Assistance number, title, award name and number, award dates, DUNS number, indirect cost rate, and funding agency, as required by the applicable OMB regulations.
- **Expenditures.** It is the responsibility of the Principal Investigator (PI) to monitor cost and activities of subrecipients to confirm that subaward expenditures (including any cost share commitments if applicable) are allocable to and consistent with the budget and aligned with the scientific progress reported to date by the subrecipient. Sponsored Programs Accounting will assist the PI in identifying unallowable costs and monitoring adherence to the budget.
- **Review and Payment of Invoices.** It is the responsibility of the PI to personally approve acceptable subrecipient invoices for payment and to review expenditure statements in a timely manner, consistent with the terms of the subaward and approved invoices.
- **Scientific Progress.** It is the responsibility of the PI to monitor the subrecipient's scientific progress, including any required progress reports. If continued performance is not satisfactory, PIs should contact OSP/SPA to discuss appropriate remedial actions or termination of the subaward.
- **Audit Status.** As prescribed in OMB Uniform Guidance, Section 200.331, WPI as the prime recipient will annually review a subrecipient's audit status and adjust their risk assessment if needed. This annual review, as performed by SPA and OSP, will determine whether there are reportable conditions relating to the subrecipient's internal controls, noncompliance by the subrecipient with laws and regulations, questioned costs in the subrecipient's financial statements, or other reportable audit findings which might affect a WPI program.
- **Corrective Action Plan.** In the event there are audit findings which relate to the funding provided by WPI under any subawards, SPA will require compliance by the subrecipient in the form of a Corrective Action Plan as required by OMB Guidance, Section 200.332. PIs will be informed if their subrecipient is subject to a Corrective Action Plan related to spend on their award, and may be asked to help monitor the subrecipient's compliance.
- **Sanctions.** If the subrecipient fails to have an audit performed, does not otherwise exhibit reasonable diligence in adhering to subaward terms and conditions, including reporting and invoicing requirements, or does not fulfill its Corrective Action Plan, WPI may impose sanctions upon the subrecipient, including withholding of payment, disallowing overhead costs, suspending the subaward until such time as an adequate audit, or other.