Texas Woman's University
University Regulation and Procedure

Regulation and Procedure Name:	**Subrecipient Monitoring**
Regulation and Procedure Number:	**URP: 02.465**
Policy Owner:	**Academic Affairs**

POLICY STATEMENT

Texas Woman's University System ("TWU" or "University") is committed to responsible stewardship of all research and grant funds received from external sponsors. Adherence to federal Office of Management and Budget ("OMB") guidelines and sponsor requirements for monitoring subrecipients is critical to the management of sponsored projects. All management and audit regulations that apply to TWU as the direct recipient of federal, state, and private funds apply to subrecipients on funded projects.

This policy establishes requirements and procedures for monitoring subrecipients performing certain portions of TWU projects to ensure that their portions of projects are conducted in compliance with laws, regulations, and terms and conditions of awards. The terms of subrecipient relationships shall be documented in agreements between TWU and the recipient organizations and shall be signed by authorized officials of each.

APPLICABILITY

This policy is applicable to TWU Faculty and Staff engaged in sponsored project activities.

DEFINITIONS

1. "Award" means financial assistance that provides support to accomplish a specific purpose. Awards include grants, contracts, and other agreements in the form of money [or property in lieu of money], to an eligible recipient.

2. "Faculty" means a person who is employed by TWU as a member of the faculty and whose duties include teaching, research, service, and administration. Professional librarians and graduate assistant titles are excluded from the definition of faculty.

3. "Prime" means an entity that receives direct funding and provides an award to another entity to carry out a designated portion of the funded project. The

prime, also referred to as the “pass-through entity,” assumes responsibility for the management and monitoring of subawards.

4. “Principal Investigator (“PI”)” means the individual, often called the “project director,” designated by the applicant organization to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award. Multiple individuals may be designated as program directors/principal investigators who share the authority and responsibility for leading and directing the project, intellectually and logistically.

5. “Staff” means each classified, administrative, and professional employee who is appointed to work at least 20 hours each week for a period of four and one-half months, excluding students employed in positions for which student status is required as a condition of employment and those employees holding teaching or research positions classified as faculty.

6. “Subaward” means an award of financial assistance made under an award by a prime recipient to an eligible subrecipient. The term includes financial assistance provided through an agreement or contract, but does not include procurement of goods and services.

7. “Subrecipient” means the legal entity to which a subaward is made for the purposes of performing certain portions of TWU projects and which is accountable to TWU for the use of the funds provided. A subrecipient meets the objectives of the funded program through performance measures, makes programmatic decisions, complies with applicable program requirements, and/or uses the funds awarded to carry out a portion of the program.

REGULATION AND PROCEDURE

TWU may enter into an agreement with a subrecipient upon receipt of an official notice of award from a funding entity. TWU must receive a statement of work approved by the PI and a project budget approved by the PI and the Office of Research and Sponsored Programs (“ORSP”) before any agreement can be finalized.

Factors that may influence decisions regarding subrecipient agreements and the level of subrecipient monitoring include but are not limited to: sponsor requirements, prior experience with the organization, program complexity, percentage of funds passed through, award amounts, and evaluation of risks associated with the relationship.

The PI has primary responsibility for monitoring subrecipients to ensure compliance with terms and conditions of subaward and applicable regulations, reviewing invoices from subrecipients, and monitoring progress and completion of work.

ORSP is responsible for helping PIs monitor subawards, review invoices from subrecipients, and maintain documentation of monitoring efforts. ORSP is also responsible for reviewing grant applications to ensure that required subrecipient documents are complete and for negotiating, preparing, and executing subaward agreements.

I. Procedures

A. ORSP will oversee implementation of this policy. TWU shall perform the following activities to monitor subrecipients:

1. Provide subrecipients with the best identifying information available on sponsoring entities. Identifying information on federal awards shall include (if available) the Assistance Listing ("AL") title and number, the award name and number, the award year, and the name of the federal agency.

2. Advise subrecipients of requirements imposed on them by state and federal laws or regulations, provisions of prime award/contracts, subaward agreements, and any supplemental requirements imposed by TWU.

3. Monitor subrecipients as necessary to ensure that project activities are in compliance with laws, regulations, and prime award/contract provisions; all funds are used for purposes authorized in the subaward agreement; and specified performance goals are achieved.

4. Ensure that subrecipients on non-federal awards provide documentation that enables TWU to review and assess internal controls related to financial management, compliance, and use of resources. This documentation may include audited financial statements and independent auditor's management letters.

5. Ensure that subrecipients on federal awards apply their federally negotiated indirect cost rate, a minimum indirect cost rate of 10% of Modified Total Direct Costs ("MTDC"), or the maximum indirect cost rate allowed by the sponsor.

6. Ensure that subrecipients on federal awards that expend $1,000,000 or more in federal funds during the subrecipient's fiscal year have met the federal OMB guidelines audit requirements for that fiscal year.

7. Ensure that subrecipients not subject to federal OMB guidelines agree to submit supporting documentation in the form of original receipts, copies of payroll records, audits, etc., upon request.

8. Confirm that subrecipients have taken appropriate and timely corrective action on audit findings and issue necessary management decisions according to applicable state, federal, and funding entity requirements.

9. Require subrecipients to permit TWU and its auditors or the sponsoring entity to have access to the subrecipient's pertinent records and financial statements as necessary for TWU to comply with applicable laws and regulations.

10. Consider whether subrecipient audits necessitate adjustment of TWU's records.

B. ORSP is authorized to update and modify associated procedures and documents as necessary to comply with federal, state, funding entity, and university regulations. ORSP is also responsible for ensuring that TWU grant personnel are informed about current procedures and requirements.

REVIEW

This policy will remain in effect and published until it is reviewed, updated, or archived. This policy is to be reviewed once every six years. Interim review may be required as a result of updates to federal and state law or regulations, Board of Regents policies, or internal processes or procedures.

REFERENCES

Code of Federal Regulations

FORMS AND TOOLS

None

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