NEGOTIATION, ADMINISTRATION & MONITORING SUBAWARD POLICY

1. PURPOSE:

The purpose of POLICY VPFA-AVPSPFM-08.00, ADMINISTRATION & MONITORING SUBAWARD POLICY, is twofold. First, establish management standards procedures to promote the sub awardees' progress in achieving the research goals and objectives by providing oversight of the sub awardees' programmatic and financial management performance, and by providing technical assistance to sub awardees to improve their performance when necessary. Second, monitoring fulfills the agency's stewardship responsibilities over Federal funds. All Federal agencies are accountable for ensuring that funds are used appropriately, for the stated purpose, and for ensuring that funds are not misspent due to errors, poor business and management practices, or intentional fraud or abuse. Monitoring does not seek to interfere with the research performed under the award or to place additional burdens on awardees. The agencies pass down to pass through entities awardees and contractors the same responsibilities with regard to sub awardee and subcontractors. Instead, monitoring is meant to help ensure that SUAGM and the nation benefits from the investment of public funds in the awards.

2. AUTHORITY:

Vice-Presidency of Financial Affairs
Assistant Vice-Presidency of Sponsored Program Financial Management
Comptroller

3. POLICY STATEMENT:

To comply with Circular A-21, A-110 and A-133, and to be effective, sub award administration and monitoring must be established and implemented as part of an integrated management framework that provides reasonable assurance that its operations are effective and efficient; its financial reporting is reliable; and its activities are in compliance with applicable laws and regulations. The management framework needs to institutionalize sub award administration and monitoring activities into the operations of the agency so that they become routine as opposed to one being performed ad hoc. It also needs to ensure that both the financial and programmatic matters of managing sub awards are coordinated.

4. DEFINITIONS:

AUTHORIZED SPONSORED PROGRAM FINANCIAL MANAGEMENT (SPFM) REPRESENTATIVES:
- Assistant Vice-President SPFM
- Director SPFM
- Compliance Director SPFM
VCSR – acronym for the Vice-chancellor of Sponsored Research and Programs

A-133 – Circular issued by the Office of Management and Budget (OMB) setting forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

DEPARTMENTAL ADMINISTRATION - refers to the unit where the project’s primary management and administration function are assigned.

FEDERAL AUDIT CLEARINGHOUSE DATABASE - A database compiled on behalf of the Office of Management and Budget (OMB) whose primary purpose is to disseminate audit information to Federal agencies and to the public, to support OMB oversight and assessment of Federal award audit requirements, to assist Federal cognizant and oversight agencies in obtaining OMB Circular A-133 data and reporting packages, and to help auditors and auditees minimize the reporting burden of complying with Circular A-133 audit requirements.

OMB – acronym for the Executive Office of the President, Office of Management and Budget Procedure.

RECIPIENT – Is the direct recipient of funds to support a sponsored project.

PRINCIPAL INVESTIGATOR (PI) – individual responsible for the overall conduct of the SPONSORED PROGRAM including intellectual conduct, fiscal accountability, administrative aspects, scientific, technical and programmatic work and the adherence to institutional policies and AGENCY GUIDELINES.

PROJECT DIRECTOR (PD) – synonym for PRINCIPAL INVESTIGATOR on non-research SPONSORED PROGRAMS

SUB RECIPIENT – Legal entity which will be responsible for carrying out a portion of the programmatic plan for a sponsored project.

SUB AWARD – The legal agreement between an awardee and a sub recipient. A sub award outlines the scope of work, budget and laws and regulations that the sub recipient must adhere to.

SPFM – acronym for the Assistant Vice-President of Sponsored Programs Financial Management

SPONSORED PROGRAM – all PROJECTS financed through an external funding source including Federal, State, Municipal, or Local Government and/or Private agencies and organizations which involve the performance of specified work in the form of instruction, research, service support and other related areas.

SPONSORING AGENCY – means an organization providing funds for the performance of SPONSORED PROGRAMS

SUAGM – acronym for Sistema Universitario Ana G. Mendez refers to the Central Administration and all its Colleges, Universities and Centers, including, but not limited to Universidad del Este (UNE), Universidad Metropolitana (UMET), Universidad del Turabo (UT) and Centro de Telecomunicaciones y Educacion a Distancia (CETED)
5. OVERVIEW:

In order to meet requirements for Circular A-21, A-110 and A-133 compliance, the SUAGM must meet the requirements specifically regarding sub-award (sub-recipient) performance and compliance under any award for which it is the fiscal agent of record. To fulfill this requirement, the operating procedures have been developed to provide an overview of the requirements, work flow and responsibilities. The SPFM Office is responsible and collaborates with PI(s) in the programmatic & fiscal monitoring of sub awardees.

6. PROCEDURES:

The SUAGM is responsible for monitoring sponsored project sub award agreements for sub recipients who expend $500,000 or more per year of federal funds awards comply with the audit requirements of OMB Circular A-133. There are specific financial and administrative regulations governing the management of federal grants and contracts. When the SUAGM make arrangements with sub recipients to perform work on federal grants and contracts, the regulations applicable to SUAGM govern the sub recipients. Penalties for noncompliance include adverse audit findings, financial liabilities on current and past awards, and loss of eligibility to receive future awards.

The University will use the following procedures for its sub recipient compliance:

1. Award Identification:

   a. Upon receiving approval of a sub award, the PI immediately complete the drafts of the Subawardee Commitment Form (Attachment #1 & #6 if applicable), the Sub Award Agreement (Attachment #2, #3 & #4), the Sub recipient and Vendor Determination Form (Attachment #5) and will request in writing to the proposed subawardee a copy of it's most recent A-133 Single Audit Report to VC of Sponsored Research & Programs Office for review. Copies of these drafts of this documentation and the request to the potential subawardee of its a-133 Audit Report will be submitted to the SPFM Office as part of the documentation to request the activation of the financial account for the project. If the A-133 Single Audit Report reflects any relevant management response and corrective action plans requirements, copies of said documents will be requested by the PI of the subawardee, and such materials shall be reviewed by SPFM Office.

   The PI will immediately send the documentation as authorized by the VCSRP, in representation of the Chancellor, to the subawardee for review and the corresponding official signatures. All documents must be completed, signed and returned, together with the copy of the subawardee’s A-133 Audit Report, by the sub recipient within 45 days calendar days of the date of the signature of the documents by the sub recipient. The PI, or the designated Administrative staff, will then make copies of the documents for the project’s records, a copy to be sent to the Office of VCSRP and the original copies will be sent with confirmation of receipt to the SPFM Office. The sub recipient may not be authorized to carry-out work on the project nor submit billing until it has duly submitted the signed official documents.

   b. At the time of the sub award agreement, the PI must provide the sub recipient organization with information about the specific federally funded award and associated compliance requirements including: CFDA title and number; award name; name of
2. During the Award Monitoring:

Principal Investigators and departmental administrators are responsible for monitoring sub recipients to ensure that performance goals are achieved and, to the extent possible, that they are administering the Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

The PI(s) is the primary responsible party for ensuring that sponsored research funds (including sub-recipients payments and deliverables) are used and awarded from the sponsor and that cost incurred are allowable, reasonable and allocable and that required reporting is accomplished as outline in the award document. Also, the PI monitors sub recipients’ technical progress and will certify in writing all technical reports and official billing documents of the subawardee as being correct, that the activities reported were carried out to the best of their knowledge and that the amount billed has not yet been disbursed. If proposed actions, is consistent with grant policies, terms and conditions; represent effective utilization of resources and does not constitute a change in objective or scope (Attachment #8). If the PI need assistance or orientation regarding his/her responsibilities can be contact the SPFPM Office.

3. Sub recipient Audits:

SPFM will monitor sub recipients through OMB Circular A-133 reports. On an annual basis, SPFPM will request copies of the OMB A-133 audit report from each sub recipient.

- Circular A-133 requires that annual audits be completed within nine months of the end of the sub recipient’s audit period. To this end certification letters must be prepared by SPFPM and distributed to every sub recipient working on any externally sponsored award. The certification letters must be prepared and distributed annually by April 30 of each year requesting information regarding the sub recipients’ most recent completed fiscal year. The certification letters require the sub recipient organization to state that the information they are providing fairly presents the standing of the organization in all material matters and that they state one of the following: (Attachment #7)

a. They are not subject to the requirements of A-133 because the organization did not receive $500,000 or more in federal awards during the fiscal year, is a for profit corporation, or is a non-U.S. based entity.

Risk Factor: Could pose a considerable risk to SUAGM if the relationship isn’t managed effectively. There are not clear guidelines available for these types of sub recipients. The action listed below should be considered when considering a Non-US based entity or a For-Profit organization as a sub recipient.

Actions: SPFPM may perform a risk assessment
- Sub recipient policies for governing internal controls should be examined
- Site visit may be performed to access control environment
- Review other audits and reports available
- Monitoring plan may be developed

b. They are subject to the requirements of A-133, the audit has been completed and there were no material conditions of non-compliance with federal regulations.

Risk Factor: The A-133 audit is a well defined audit and sub recipients who fall under this class are usually low risk to the institution.
**Action:** Review Federal Audit Clearinghouse data:
http://harvester.census.gov/sac/

c. They are not subject to the requirements of A-133, the audit has been completed, exceptions were noted and a copy of the audit report is provided.

**Risk Factor:** Audit requirements not well defined and sub recipients who fall into this class pose some risk to the institution.

**Actions:** PI will confirm in writing, the amount of Federal monies received by this sub recipient to insure that it was <$500,000
d. They are subject to the requirements of A-133 but the audit has not been completed.

**Risk Factor:** None

**Actions:** PI will confirm in writing, the amount of Federal monies received by this sub recipient to insure that it was >$500,000 and in case when the final audit report show a material conditions of non-compliance the SPFM Office evaluate the findings and determine the site visit as professional judge.

- Annually, in a discretionary manner, the SPFM Office will select at least two sub awards to conduct a monitoring review. This monitoring review can be conducted by site visits, videoconferences or by telephone calls. In cases, where the sub awardees’ is an institution or component of SUAGM, the responsibility to monitoring the sub award will be delegated to the Accounting Office following the same procedures.

- The SPFM Office in coordination with the PI follows up requests to ensure that sub recipients send reports:

  a. Should no response to the Certification of Compliance with OMB Circular A-133 be received by SPFM within 30 days, a second letter will be sent. Should no response to the second letter be received by SPFM within 15 days, the sub recipient will be contacted by telephone.

  b. If reports are not received the Federal Audit Clearinghouse (FAC) Internet data dissemination system will be used to retrieve audit report information from the FAC database. This information will be reviewed to determine if an organization has any reportable conditions and/or audit findings required to be reported under OMB Circular A-133, subpart E, section .510(a).

  c. Should attempts continue to be unsuccessful the Assistant Vice-President Sponsored Program Financial Management, in conjunction with Vice-Chancellor Sponsored Program and PI/PD, will consider sanctions against the sub recipient, including termination of the subcontract or stop payments of any pending invoices.

- SPFM will review all available information for compliance issues pertaining to funds from A-133 reports. The Vice-President of Financial Affairs will be notified of any compliance
issues that pertain to funds passed through SUAGM and will request corrective action plans from the management of the sub award.

- The Vice-President of Financial Affairs delegate on SPFM Office the review of correction actions plan and the follow up to assure that the proper action has been implemented.

The monitoring of sub recipients, not subject to Circular A-133, will be based upon the judgment of SUAGM’s management and will include such factors as the size of the award, percentage of the total program’s funds awarded to the sub recipient, budget adherence, any issues identified in the pre-award review, and other matters as deemed necessary.

7. CONTACT:

Assistant Vice-President of Sponsored Programs Financial Management
Telephone (787) 751-0178 Ext 7655
Facsimile (787) 753-1624
Email: spfm@AGMUS.edu

8. APPLICABILITY:

This policy applies to all SUAGM employees and associates involved in the ADMINISTRATION & MONITORING of SPONSORED PROGRAMS.

9. GUIDELINES:

OMB CIRCULAR A-110 Section 51 Y 26
OMB CIRCULAR A-133 Compliance Supplement Part 3 Section M
OMB CIRCULAR A-133 Section 400 (d)
OMB CIRCULAR A-133 Section 225
NSF 02-151 Grants Policy Manual

10. EFFECTIVE DATE:

This policy is effective as of the date of issuance and rescinds all previous policies pertaining to NEGOTIATION, ADMINISTRATION & MONITORING SUBAWARD POLICY.

Approved by:

Vice President for Financial Affairs

Date: 3/20/08