

# Grants Training

Module 3, Lesson 4



Council on Financial Assistance Reform (COFAR)

**FEDERAL GRANTS MANAGEMENT 101**

# Uniform Guidance

## Subrecipient Monitoring and Management

### Lesson 4



## 4

### Lesson 4: Subrecipient Monitoring and Management

At the completion of this lesson, you will have a basic understanding of subrecipient and contractor determinations, as well as requirements for pass-through entities.





## Subrecipient Monitoring and Management



### Subrecipient and Contractor Determinations

- ❖ A subrecipient is a non-Federal entity that receives a subaward from a pass-through entity for the purpose of carrying out programmatic activities under the Federal award.
- ❖ A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor.

200.330

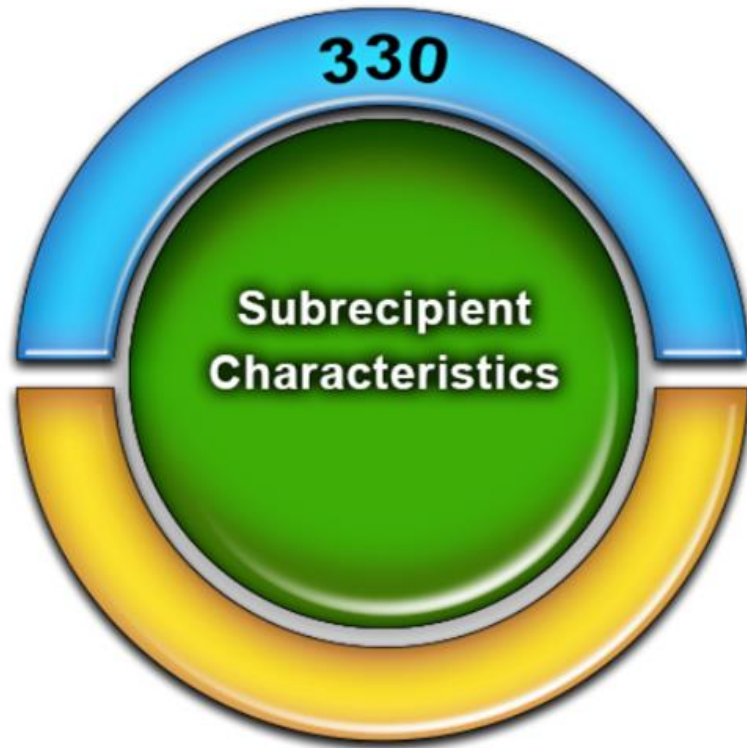
Select each to learn more.

[Subrecipient Characteristics](#)

[Contractor Characteristics](#)



## Subrecipient Monitoring and Management



Characteristics which support the classification of the non-Federal entity as a subrecipient include:

- ❖ the non-Federal entity determines who is eligible to receive what Federal assistance
- ❖ its performance is measured in relation to whether objectives of a Federal program were met
- ❖ it has responsibility for programmatic decision making
- ❖ it is responsible for adherence to applicable Federal program requirements specified in the Federal award
- ❖ uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity

Select to return to previous slide



## Subrecipient Monitoring and Management



Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- ❖ provides the goods and services within normal business operations
- ❖ provides similar goods or services to many different purchasers
- ❖ operates in a competitive environment (normally)
- ❖ provides goods or services that are ancillary to the operation of the Federal program
- ❖ is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

Select to return to previous slide



## Subrecipient Monitoring and Management



### Requirements for Pass-Through Entities

331

#### Requirements for Pass-Through Entities

The pass-through entity must:

- ❖ put specific information in the subaward, including indirect cost rate
- ❖ do a risk assessment to determine appropriate subrecipient monitoring
- ❖ consider if specific subaward conditions are needed
- ❖ monitor the activities of the subrecipient as necessary
- ❖ verify subrecipients have audits in accordance with Subpart F
- ❖ make any necessary adjustment to the pass-through entity's records based on reviews and audits of subrecipients
- ❖ consider actions to address subrecipient noncompliance

200.331

Select to learn more.

[Pass-Through Example](#)



## Example: Pass-Through Entities & Contractors







## Subrecipient Monitoring and Management



The following information must be identified to subrecipients at the time of award and put in the subaward (and when changes are made to the subaward):

- ❖ Federal award identification number, (FAIN)
- ❖ indirect cost rate for the Federal Award (including if the de minimus rate is charged per 200.414 indirect (F&A) costs)
- ❖ requirements imposed by the pass-through entity
- ❖ requirement to provide access to records for audit

200.331(a)



## Subrecipient Monitoring and Management



Factors the pass-through entity may consider when evaluating subrecipient risk include:

- ❖ the subrecipient's prior experience with the same or similar subawards
- ❖ the results of previous audits
- ❖ any changes to subrecipient's personnel or new substantially changed systems
- ❖ the extent and results of Federal awarding agency monitoring

200.331(b)



## Subrecipient Monitoring and Management



When monitoring subrecipients, the pass-through entity must:

- ❖ review financial and performance reports required by the pass-through entity
- ❖ follow-up to ensure subrecipient takes appropriate action on all deficiencies pertaining to the subaward from the pass-through entity identified through audits, on-site reviews, and other means
- ❖ issue a management decision for audit findings pertaining to subawards made by the pass-through entity

200.331(d)



## Subrecipient Monitoring and Management



The following tools may be useful, depending upon the risk assessment:

- ❖ providing subrecipient training and technical assistance
- ❖ performing on-site reviews
- ❖ arranging for agreed-upon-procedures engagements under 200.425, Audit services (in Cost Principles)

The listed tools are not required nor is the list of tools all inclusive.

A determination on which tools is a matter of judgment for the pass-through entity based upon its assessment of risk.

200.331(e)



## Knowledge Check

A contract is for the purpose of obtaining goods and services for the recipients own use.

True

False



## Knowledge Check

A contract is for the purpose of obtaining goods and services for the recipients own use.

Correct!

A contract is for the purpose of obtaining goods and services for the recipients own use.



## Knowledge Check

A subrecipient has responsibility for programmatic decision making.

True

False



## Knowledge Check

A subrecipient has responsibility for programmatic decision making.

Correct!

A subrecipient has responsibility for programmatic decision making.





## Knowledge Check

The results of previous audits cannot be used as a consideration when evaluating subrecipient risk.

True

False



## Knowledge Check

The results of previous audits cannot be used as a consideration when evaluating subrecipient risk.

**Correct!**

It is not required to use previous audit results, however the results of previous audits may be considered among other factors when evaluating subrecipient risk.