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.

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

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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

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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

Select to learn more.

Pass-Through Example
Example: Pass-Through Entities & Contractors

AquaPure

[Diagram showing water, people in a meeting, and pipes]

[Image]
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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)
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)
A contract is for the purpose of obtaining goods and services for the recipient's own use.

True

False
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.
A subrecipient has responsibility for programmatic decision making.

- True
- False
A subrecipient has responsibility for programmatic decision making.

Correct!
A subrecipient has responsibility for programmatic decision making.
The results of previous audits cannot be used as a consideration when evaluating subrecipient risk.
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.