

Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute, LLC
Office of Sponsored Programs

Policy and Procedure

TITLE: Subrecipient Monitoring

PURPOSE:

These guidelines and procedures are provided to assist responsible faculty and staff in ensuring that subrecipients conduct their portions of research projects in compliance with laws, regulations and terms and conditions of awards and subawards and that project costs incurred by subrecipients are reasonable and allowable.

PERSONS AFFECTED:

This policy & procedure (P/P) applies to all Harvard Pilgrim Health Care, Inc. (HPHC) and Harvard Pilgrim Care Institute, LLC (HPHCI) (collectively, HPHC/I) personnel engaged in research, teaching or research administration activities in support of the charitable and educational mission of HPHC, Inc.

POLICY:

Harvard Pilgrim Health Care (HPHC) is responsible for the programmatic and financial monitoring of its sponsored research award subrecipients. A subrecipient is a third-party organization performing a portion of HPHC research projects or other sponsored programs. The terms of HPHC-subrecipient relationships are documented in sub-grant / subcontract / consortium agreements.

It is the policy of HPHC to administer subrecipient agreements consistent with the requirements of UG §200.331 and in accordance with the requirements of the Institution, the applicable sponsor regulations, and the terms and conditions of the prime award. HPHC is committed to monitoring the subrecipients of its awards, regardless of the subrecipients being subject to audits or the source of funding.

UG §200.331 requires the pass-through entity (prime) to ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the

pass-through entity must provide the best information available to describe the Federal award and subaward.

The federal regulations, that are followed by HPHC, that describe subrecipient monitoring are specific and contain, but are not limited to, the following core elements of compliance:

- Evaluation of the subrecipient's **risk of noncompliance** with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring procedure
- Advising subrecipients of all applicable federal laws and regulations, and all appropriate flow-down provisions from the prime agreement
- The routine receipt and review of **Technical Performance Reports/deliverables**
- The routine **Review of Expenses-to-Budget**
- The periodic performance of **On-site Visits**, or regular contact, if necessary
- The option to perform "**audits**" if necessary
- Review of A-133 audit reports filed by subrecipients of federal funds and any audit findings
- Review of **corrective actions** cited by subrecipients in response to their audit findings
- Consideration of sanctions on subrecipients in cases of continued inability or unwillingness to have required audits or to correct non-compliant actions

The above list is not exhaustive of all compliance requirements. In addition to the general elements of compliance noted above, there may be additional sponsor- or program-specific requirements that mandate collecting and documenting other assurances (e.g. on lab animals, human subjects, biohazards, etc.) during the course of a project.

Roles and Responsibilities

1. Principal Investigators (PIs) have primary responsibility for monitoring subrecipients to ensure that they complete their work as specified in the Statement of Work (SOW) and they are compliant with federal regulations and award terms and conditions.

2. The Office of Sponsored Programs (OSP) has responsibility for ensuring that HPHC's subrecipient monitoring procedures are compliant with federal and other applicable laws.

DEFINITIONS (see **GLOSSARY** for meaning of the terms listed below):

Audit means an official examination and verification of accounts and records, especially of financial accounts.

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award (see 200.22)

Federal Audit Clearinghouse (FAC) database (<http://harvester.census.gov/sac>) means the web site that provides evidence that the subrecipient has completed a Single Audit and to assess the presence of audit findings.

Federal Demonstration Partnership (FDP) Clearing House means the public website and user system that are the products of an FDP Pilot Project to test the efficacy and efficiency of using online organization Profiles in lieu of subrecipient commitment forms to obtain entity-based information needed by pass-through entities when they are issuing subawards or monitoring their subrecipient entities.

OMB Uniform Grant Guidance (2 CFR Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards): Consolidates and supersedes eight previous OMB Circulars (A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133), specifies grant management and audit responsibilities. Single audit regulations also describe the prime recipient/awardee's responsibility for monitoring subrecipients.

Prime Agency/Sponsor means the agency providing funds directly to the University.

Prime Award means funds obligated by a Sponsor/funding agency to the non-federal entity for a specific project.

Prime Recipient/Awardee means the institution or non-Federal awardee that receives an award directly from the sponsor.

SAM means the federal database System of Award Management.

Subaward means the agreement entered into by a non-Federal awardee with another entity (i.e., the subrecipient). The non-Federal awardee agrees provide funds to the entity to conduct a portion of the work specified in the statement of work (SOW) submitted as part of the proposal.

Subrecipient means the legal entity to which a subaward is made and is accountable to the prime recipient for the use of the funds provided. Subrecipients must adhere to the terms and conditions of the prime award passed down to the subrecipient organization in the subaward agreement (subrecipient may also be referred to as subawardee, subgrantee, or subcontractor).

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a federal program. **Contractor** is used rather than “vendor”. (see §200.330.b Subrecipient and Contractor Determination)

UG means Uniform Guidance.

PROCEDURE:

OSP-level Subrecipient Monitoring Procedures

Pre-award Review

Prior to the submission of the project application, OSP will review the proposed subrecipients' ability to enter into an agreement should the project be funded based on the following considerations

- Award complexity, sensitivity of the work and/or extensiveness of the governing regulations
- Prior experience with the subrecipient, e.g. a new subrecipient, an inexperienced subrecipient, a history of non-compliance, having new personnel, or having new or substantially changed systems
- Review of Subrecipient Monitoring Checklist or FDP Clearing House data.
- Subrecipient location or for-profit status
- Degree of external oversight by auditors or sponsoring agencies. Sophistication of the subrecipient's systems and administrative operations
- Current Federally negotiated F&A rate
- Review of institution and key personnel's status including review through Visual Compliance©, SAM and review of prior years' audit report.

Post Award

Prior to the initial award of a subcontract and on an annual basis, OSP will review all potential and active subrecipients and investigators for the following

- Review of institution and key personnel's status including review through Visual Compliance©, SAM and review of prior years' audit report.

- Request Subrecipient Monitoring Checklist if one has not been obtained within the past twelve (12) months or download FDP Clearing House data regardless of whether the subrecipient is required to file an audit report under the UG.
- A subrecipient who is not subject to the Single Audit is required to submit a financial report, and OSP will verify that HPHC does not have subs with that institution that meet or exceed \$750,000 in aggregate.
- If a subrecipient has audit findings, OSP may consider issuing a management decision on audit findings, when appropriate, and evaluate subrecipient corrective actions cited in response to audit findings. Corrective actions cited by the subrecipient should be verified to ensure subrecipient compliance and may necessitate on-site monitoring.
- In cases of continued inability or unwillingness of a subrecipient to have the required audits, OSP may consider taking appropriate sanctions.

OSP Review of Invoices

- Review of Invoices is done for cost-reimbursement subagreements. The subrecipient's invoices showing both current period and cumulative expenses-to-budget are generally required. The review will include verification that requested expenses fall within the project dates, do not total more than the approved budget and that the total amount is correct.

Principal Investigator-level Subrecipient Monitoring Procedures

- Review of Technical Performance Reports/deliverables should be done on a timely basis by the PIs/project managers. Any unusual or unforeseen items should be investigated and documentation thereof should be retained in the PI's files for ready access by regulators. In some cases, subaward terms may require specified deliverables in addition to, or in lieu of, technical reports.
- Review of invoices should include a comparison of the subrecipient invoices to the established subaward budgets. Evidence of the regular review of invoices by both the PIs/project managers can be in the form of PIs/project managers' initials or authorizing signature on invoices, e-mail communications, etc.
- Clarification of Invoiced Charges should be requested by PIs/project managers for explanations of any unusual, miscellaneous, apparently excessive or other charges invoiced by the subrecipient. If the explanations are not sufficient to render a prudent judgment on the allowability of the cost, and the terms of the subcontract permit, PIs/project managers may request detailed justifications from subrecipients. PIs/project managers may also periodically request, if the terms of

the subcontract permit, particularly from high-risk subrecipients detailed support for selected invoiced charges to verify their appropriateness and reasonableness.

Examples of detailed justifications that may be requested from subrecipients include:

- Payroll records/data
- Copies of paid invoices showing the cost of items purchased and Vendor Justification Forms if required by Federal contract.
- Descriptions of services rendered by consultants including hourly rates and time reports.
- Details of incurred travel charges, stating the purpose, airfare, meals, ground transportation, unallowable costs, etc.
- Costs determined to be unallowable or unreasonable should be disallowed.
- In circumstances where questionable costs remain unresolved, particularly when subcontract terms do not permit requesting supporting documentation, it may become necessary to conduct a definitive audit of all or a portion of questionable costs. In these cases, PIs/project managers may contact the Office for Sponsored Programs for coordination of subsequent actions.
- On-site Visits are a discretionary monitoring procedure. On-site visits conducted by the PIs/project managers to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file with OSP.

REVISION HISTORY:

Department: OSP	Title: Subrecipient Monitoring
Effective Date: 8/1/2020	Owner: Director, Office of Sponsored Programs
Replaces P/P Dated: 5/1/2018 12/1/2017 10/1/2018	
Related Documents: Policy & Procedure Export Control and Restricted Party Screening in Procurement and Payment; Policy & Procedure Grant Related Procurement; Uniform Guidance	
References:	
Approved By: Compliance Committee	