OSRAA Outreach Series

March 14, 2024

We will begin in a just a few minutes.
Welcome

• Greetings and welcome to the OSRAA Outreach Series! My name is Kacey Parks, and I am the Research Administration Training Coordinator.

• This session is being recorded, and you will be notified via the OSRAA Outreach Listserv when the recording and presentation are ready to view.

• Chat is disabled. Please submit all questions via the Q & A button located at the bottom of your screen. We encourage you to submit questions throughout the presentation as they come to mind, and we will answer them during the Q&A portion at the end.

• Please note that when you submit a question in the Q & A, the question and your name will be visible to all participants unless you select “anonymous” before submitting it.
Upcoming Webinars:

• **Bonus April Outreach:** April 11\(^{th}\) 10:00am PST: *Grant Funded Construction*
• April 18th 2:00pm PST: *Research Security*
• May 16th 2:00pm PST: *Uniform Guidance Overview and Updates*
• June 20th 2:00pm PST: *Navigating Sponsored Project Changes*

**Reminder** - all webinars are recorded and will be made available on the OSRAAA Outreach Webinar page. You can also sign up to register for future webinars.
SUBRECIPIENT MONITORING: PROPOSAL TO CLOSEOUT AND ITS IMPACT ON YOUR ROLE
Agenda

1. Introductions
2. Roles & Definitions
3. Subrecipient Monitoring Lifecycle
4. Subrecipient Risk Assessment
5. Subaward Monitoring, Invoicing, and Closeout
6. Case Study
7. Questions
Introductions

**OSU Subaward Team**

**Kim Smith**
Subaward Contract and Compliance Manager

**Amanda Brown**
Subaward Contract and Compliance Officer

**Vacant**
Subaward Contract and Compliance Officer

**Facilitator**

**Webb Brightwell**
Senior Associate
Huron Consulting Group
wbrightwell@hcg.com

Please contact subawards@oregonstate.edu if you have any questions for the team.
Roles & Definitions
Definition

Subrecipient monitoring is a **process** to evaluate the potential financial and compliance risks of a subrecipient to ensure that the pass-through entity (OSU) responsibly manages its sponsored funding and monitoring to ensure they are managing their portion of a sponsored project appropriately.

Subrecipient monitoring:

- Is required by the Uniform Guidance (UG) (2 CFR Part 200, Subparts A, C, D,E and F),
- Helps to protect OSU from risks that could jeopardize current and future funding,
- Is an ongoing process that continues through the life of the sponsored project.
§200.332 (b) Pass-through entities must:

Evaluate each 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.
Definition

**Outgoing Subaward:**

An award provided by a pass-through entity (i.e., OSU) to a subrecipient for the receiving entity to carry out part of the scope of the award.

Examples of Prime Sponsors include federal agencies like the National Institutes for Health, National Science Foundation, and Department of Defense.
Pass Through Entity (PTE) Roles

1. Pre-Award: Subaward Determination and Risk Assessment
2. Post Award Monitoring: Technical and Financial
3. Monitor the Monitoring: Internal Review and Controls
4. Subaward Closeout: Timely Reporting
Roles & Responsibilities

Subrecipient monitoring is a shared responsibility across OSU and a partnership across units.

Principal Investigator
Key relationship with subrecipient - confirms scope of work and budget. Holds regular communication, reviewing performance and approving invoices. Escalates issues to OSRAA.

College / Department Units and Financial Strategic Services (FSS)
Primarily in a supportive role to the Principal Investigator's functions.

OSRAA
Assesses subrecipient's risks, completes determinations, negotiates agreements, reviews invoices and ensures documentation in accordance with agreements.
# Roles & Responsibilities

*O = Owner, Primary Responsibility; I = Provides Input and Information*

<table>
<thead>
<tr>
<th>Subrecipient Monitoring</th>
<th>Roles</th>
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<tr>
<td><strong>Responsibilities</strong></td>
<td>Principal Investigator</td>
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<tr>
<td>Identify OSU subrecipients with audit findings and issue Management Decisions when necessary</td>
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<tr>
<td>Perform Organizational Risk Assessments of subrecipients</td>
<td>O</td>
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<tr>
<td>Complete Subrecipient or Contractor/Vendor determinations</td>
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<td>Review subrecipient proposal documentation</td>
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<td>Confirm subrecipient Scope of Work (SOW) and budget (prior to issuing the subaward)</td>
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<td>Negotiate the subaward, including reviewing project-specific considerations and imposing additional requirements as warranted</td>
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<td>Communicate with subrecipients regularly to monitor performance and ensure satisfactory progress/completion of project goals</td>
<td>O</td>
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<tr>
<td>Review subrecipient invoices and resolve identified issues; request back-up documentation from subrecipient per subaward terms</td>
<td>O</td>
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<tr>
<td>Approve subrecipient invoices</td>
<td>O</td>
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<tr>
<td>Escalate issues with subrecipients to or within OSRAA</td>
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Subrecipient Monitoring Lifecycle
Subrecipient Monitoring Lifecycle

Today’s training will primarily cover the highlighted items above that occur once the subaward is active.
Subrecipient Risk Assessment
The Two-Part Risk Assessment evaluates the subrecipient organization and the subaward project independently to determine overall risk and inform monitoring plans.

**Organizational Assessment**
- Evaluates entity-specific risk factors
- Intervals determined by the entity’s annual audit cycle

**Project Review & Assessment**
- Evaluates project-specific risk factors
- Intervals determined by project period lifecycle

Completed by OSRAA

Reliant on PI Input
Subrecipient Risk Assessment: Two Parts

**Organizational Assessment**
- Organization type
- Audit Results
- Maturity & experience with federal funds
- Domestic or Foreign
- Negotiated indirect cost rate (IDC)
- Developed Conflict of Interest (COI) policies and processes

**Project Review & Assessment**
- Potential Conflicts of Interest
- Portion of award activities
- Prime award type / sponsor
- Scope of work
- Research compliance approvals
- Cost share requirements

**Monitoring Plans**
- Life of the award
  - Directly related to identified risks and not necessarily to overall risk rating
Key Benefits of the Two-Part Risk Assessment

Organizational Risk Assessment

- Only needs to be completed once annually
- Ensures consistent application of subaward terms and monitoring activities based on entity risk factors
- Leverages existing information sources like the Federal Demonstration Partnership (FDP), Federal Audit Clearinghouse (FAC), USASpending.gov, etc., to maximize process efficiencies
Key Benefits of the Two-Part Risk Assessment

**Project Risk Assessment**

- Provides a more holistic assessment of key project factors by independently evaluating project elements.
- Ensures specific and targeted monitoring actions based on elevated project risk factors identified.
- Completed on an as-needed basis – prior to subaward execution or renewal – or upon PI or other prompting of the assessment.
Aligning Monitoring Policies & Procedures

• OSU as a Pass Through Entity regularly reviews the subrecipient monitoring policies and procedures

• Addresses the following areas to effectively mitigate risk:
  o Key timepoints:
    ▪ Annually on an organizational basis per subrecipient
    ▪ Prior to issuance of subawards, based on project-specific factors
  o Delineating roles and responsibilities
  o Standardizing documentation, either within a system or in a sponsored award file
  o Developing trainings and Standard Operating Procedures to stabilize implementation

2 CFR 200.332 Assess the ability of subrecipients to be compliant and meet the research goals of the subaward
As a first step, OSU uses established criteria to effectively measure a subrecipient’s ability to perform the award activities. The criteria aligns with the OSU’s risk tolerance and reflect the sponsored award portfolio and addresses:

- Changes in personnel and systems
- Prior Audits
- Prior Experience
- Extent of Federal Funding

2 CFR 200.332

Assess the ability of subrecipients to be compliant and meet the research goals of the subaward.
High Risk Ratings

2 CFR 200.332 Assess the ability of subrecipients to be compliant and meet the research goals of the subaward

Area of Concern

• Experience Level with Federal Awards
• Following OSU's policy instead of Subrecipient’s Policy

Possible Terms

• Provide transaction detail with invoices OR possibility of issuing milestone award
• Compliance with OSU's policies regarding maintenance and disclosure required
## Proposal Stage

### 2 CFR 200.1 & 200.331
Document the nature of the relationship with the awardee

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<tr>
<td>1.</td>
<td>Performs a portion of SOW</td>
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<tr>
<td>2.</td>
<td>Collaborator</td>
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<tr>
<td>3.</td>
<td>Prior approval required</td>
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<td>4.</td>
<td>Subrecipient monitoring required</td>
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<tr>
<td>5.</td>
<td>Fixed-price capped at $250K*</td>
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<tr>
<td>6.</td>
<td>Flow-down appropriate programmatic terms</td>
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*Subject to change with 2024 Uniform Guidance changes*
Proposal Stage

POLL Question Subrecipient or Vendor/Contractor?

The PI is applying to a federal sponsor. The SOW includes gathering information from a particular group of people to meet a specific aim of the project. The PI has had experience working with an organization in the past and wants to use them again.

The organization will:
• Design the survey questions
• Be responsible for issuing the survey and analyzing responses
• Deliver a report to the PI
• The PI can ask the survey organization to re-perform the survey after reviewing the report.
Subaward Issuance: Project Assessment

• Develop metrics to measure subrecipient's ability to perform the activities described in the proposal
• Determine whether metrics will be recorded in system or recorded on paper
• Balance the need for the risk assessment with the need to support research activities

2 CFR 200.332 Assess the ability of subrecipients to be compliant and meet the research goals of the subaward

Risk Assessment

OREGON STATE UNIVERSITY 25
Subaward Issuance: Additional Terms

Inform the subrecipient of:
- Nature of the additional requirements
- Reason for the additional requirements
- What is needed to cure the condition
- Time allowed to cure or satisfy the condition
- Method for reconsideration

Remove the additional requirements:
- Once the condition that prompted the imposition of additional requirements is cured or satisfied.
Subaward Monitoring, Invoicing, and Closeout
Project Monitoring

2 CFR 200.208
Identify all monitoring requirements in the subaward contract

All Subrecipients
- Review of required financial reports
- Management of any audit findings identified in subrecipient audits

High & Medium Risk Subrecipients
- Provide training and technical assistance on program-related matters
- Perform on-site reviews of activities
- Arrange for additional audit activities
Invoicing

2 CFR 200.208
Actively monitor the subrecipient, per the terms of the award

2 CFR 200.208, 305 & 339
Promptly pay grant invoices

Receive Invoice

Evaluate programmatic progress
✓ Confirm invoice is accurate and represents work performed
✓ Confirm the terms of the award are met

Issue Payment

The PI should approve invoices in a timely manner and escalate any issues to OSRAA to accelerate action.
Invoicing

2 CFR 200.208  
Actively monitor the subrecipient, per the terms of the award

2 CFR 200.208, 305 & 339  
Promptly pay grant invoices

INVOICE PAYMENT  
Once fully approved, the invoice can be processed for payment; OSU has 30 days to remit payment unless there is a dispute.

INVOICE RECEIPT  
Subrecipient submits invoice based upon timing agreed to in award to the OSU contact listed in the award.

INVOICE INQUIRY  
If questions arise for the subrecipient in the compliance or technical progress review, the subrecipient should be contacted for additional information prior to invoice approval and payment.

INVOICE REVIEW  
Invoice reviewed for compliance with award terms, monitoring technical progress in terms of financial requests.

OREGON STATE UNIVERSITY  30
Invoicing

2 CFR 200.208
Actively monitor the subrecipient, per the terms of the award

2 CFR 200.208, 305 & 339
Promptly pay grant invoices

Cost Reimbursable
- Total Approved Budget
- Total Expenses to Date
- Expenses for current period
- Award Number
- Period of Performance
- F&A rate applied
- PTE Purchase Order Number

Milestone or Payment Schedule
- Total Approved Budget
- Milestone or Scheduled Payment Due
- Total Invoiced to Date
- Award Number
Invoicing

2 CFR 200.208
Actively monitor the subrecipient, per the terms of the award

2 CFR 200.208, 305 & 339
Promptly pay grant invoices

Approvals Needed

• PI approves payment amount consistent with work performed & award terms and conditions
• Administrator completes a compliance review
• Required documentation has been requested, reviewed, and attached to meet record retention per contract
Subaward Closeout

2 CFR 200.344
OSU submits all closeout reports within 120 days of project completion

✓ Closeout remains challenging due to timing restrictions

✓ OSU should work with subrecipients to obtain final financial and scientific reports as soon as possible to support timely closeouts

✓ The PI and Department are integral in assisting with the facilitation of receiving scientific reports.
Case Study
Case Study

State University (State U) has been identified as a potential participant in Dr. Brown's NIH proposal.

State U will be completing the following tasks:
1. Conducting surveys
2. Completing analysis
3. Collaborating with Dr. Brown throughout the award.
Case Study

Congrats! Dr. Brown received the award from NIH and would like to issue a subaward to State U. OSRAA begins to work with Dr. Brown and the department to issue the subaward and reviews the organizational risk assessment for State U. A few items are highlighted in the review:

- Late effort certification
- Late progress and financial reporting to NIH
- Missing suspension and debarment information
- Late submission of the Schedule of Expenditures of Federal Awards
- Unallowable expenses

How should the subaward team and the PI and department proceed from a project standpoint?
Case Study

OSU decides to proceed with issuing the subaward with guardrails in place.

What stipulations would you put in the subaward with State University....if any?
Case Study

State University is now set up as a subaward and begin work on the project.

They just sent in their first invoice.

What are you looking for as you review?

Who do you ask questions if something looks amiss?
QUESTIONS?