



# Administrative Procedure

## Contracts and Grants Policy

<b>Number:</b>	<b>907</b>
Effective:	4/18/03
Supersedes:	
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**Subject:** SUBRECIPIENT MONITORING

### Policy

As the primary recipient of federal, state, private and local funds, CSULA may provide financial support to another institution. The institution receiving this pass-through funding from the University is called the "subrecipient." This arrangement may also be referred to as a subcontract, consortium, or flow-down agreement.

A "subrecipient" is defined by Federal OMB Circular A-110 as the legal entity to which a subaward is made and which is accountable to the recipient for the use of funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency. Subrecipient performance is measured against meeting the objective of the program. The subrecipient is responsible for programmatic decision making and adhering to applicable Federal program compliance requirements. The primary recipient shall monitor subawards to ensure subrecipients have met the audit requirements.

ORSP and UAS Contracts & Grants ensure that a standard contract agreement is executed by all subrecipient entities. The standard agreement summarizes the University's contractual terms and conditions. Supplemental provisions imposed by the primary awarding agency are passed through to the subrecipients, and they are obligated to comply with both the University's and prime funding agency's terms and conditions. The executed contract must be signed by the subrecipient entity's authorized official representatives and include a budget and a scope of work statement approved by the principal investigator and the collaborating investigator at the subrecipient entity.

### Procedures

- At the pre-award stage, ORSP, working with the principal investigator and the collaborating investigator if necessary, receives the approved budget and scope of work statement from the subrecipient entity. The subaward budget is incorporated into the overall project budget of the proposal.
- As the primary recipient of a grant or contract, the University (via UAS Contracts & Grants) notifies all subrecipients when an award has been received, notifying them of the corresponding award data and subrecipient requirements and responsibilities, and monitoring subrecipient activities to ensure compliance with all laws, regulations and provisions of the award.

Approved:

*James M. Lacey*

Date: 4-18-03

- When an award notice is received, UAS Contracts & Grants contacts each subrecipient's corresponding contracts and grants office and provides them with the following information (included in the body of the executed subcontract): Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, name of funding agency and classification of the award. When some of this information is not available, the University shall provide the most complete information available to describe the award.
- UAS Contracts & Grants also advises the subrecipient of any subrecipient requirements imposed by Federal or State laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the funding agency and/or the University. Included in this is the permission to allow the University (UAS Contracts & Grants) and appropriate auditor(s) to access the subrecipient's records and financial statements as necessary.
- UAS Contracts & Grants maintains records on the financial activities of subrecipients to ensure cost allowability, funding availability, and invoicing requirements. Certification of the validity of expenses is required from the subrecipient.
- UAS Contracts & Grants monitors subrecipient activities, as necessary, to ensure that awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contracts or grants agreements. UAS Contracts & Grants only processes payment to subrecipients upon receipt of certified invoices by the subrecipient and upon completed review and approval by CSULA's Principal Investigator. Performance goals are monitored by the principal investigator and ORSP via performance and technical reports required from the subrecipient. Copies of the performance and technical reports are maintained by ORSP and Contracts & Grants for their records. Final payment to a subrecipient is not released until all required reports are properly submitted.
- To comply with the auditing provision in OMB Circular A-133, UAS Contracts & Grants requests that the subrecipient entity provide its A-133 audit annually at the end of the entity's fiscal year. If the subrecipient entity is known at the time of proposal, ORSP requests a copy of its most current A-133 audit prior to submitting the proposal.
- As part of its internal auditing process for a primary grant or contract, UAS Contracts & Grants performs the following functions:

Ensures that a subrecipient expending \$300,000<sup>1</sup> on Federal awards during the subrecipient's fiscal year has met the audit requirements for the part of the fiscal year that overlaps with the project funding period.

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<sup>1</sup> Revision pending final notification from OMB: The single audit requirement threshold has been increased to \$500,000, effective for the fiscal year commencing July 1, 2003.

Issues a management decision (in consultation with UAS external auditors and University internal auditors, if applicable) on audit findings within six months after receipt of the subrecipient's audit finding report (if any) and ensures that the subrecipient takes appropriate action and timely corrective action.

Considers whether the subrecipient's audit necessitates adjustment of CSULA's records with respect to the primary grant or contract.

- The ORSP compliance coordinator works with each subrecipient to ensure timely submission of progress, technical, and final reports. Procedures follow those outlined in Administrative Procedure 902, Required Project Reporting.

This policy is effective immediately and will remain in effect until further notice.