

University of Rhode Island  
**Subrecipient Monitoring Policy**  
**Policy #99-01**

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ORIGINATOR: Business and Finance  
DATE: July, 1999  
REVISED: 10/19/07

## I. PURPOSE

Federal regulations require pass-through entities to monitor subrecipients. The purpose of this policy is to provide guidance to University staff in monitoring subrecipients to ensure their compliance with federal laws and regulations.

## II. DEFINITIONS

**PASS-THROUGH ENTITY:** An OMB Circular A-133 term for a nonfederal entity that provides a federal award to a subrecipient to carry out a federal program.

**SUBRECIPIENT:** A subrecipient is defined by OMB Circular A-133 as a Non-federal entity that expends federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

**RECIPIENT:** A recipient means a non-Federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

## III. APPLICABILITY

This policy applies to subrecipients of the University of Rhode Island as distinct from vendors of the University of Rhode Island.

A subrecipient is characterized as an entity that:

- Meets the objectives of the federal program through performance measures.
- Makes programmatic decisions.
- Complies with applicable federal program requirements.
- Uses the federal funds awarded to carry out a portion of the program.

A vendor is characterized as an entity that:

- Provides goods and services as part of their normal business operations to a pass-through entity.
- Provides similar goods and services to many different purchasers.
- Provides goods and services that support the operation of the federal program.
- Operates in a competitive environment.
- Is not subject to the applicable federal program requirements.

## IV. MONITORING REQUIREMENTS AND PROCEDURES

Whenever a subrecipient relationship exists, the University at the primary recipient must monitor the subrecipient to ensure its compliance with federal laws and regulations. The monitoring responsibilities at the University are as follows:

- A. The Research Office's responsibilities for subrecipient monitoring shall include the following:
- To review grant applications to ensure subrecipient agreements were approved by the grantor agency.
  - To ensure each subrecipient agreement contains the condition that the subrecipient complies with the federal requirements set by the original grantor agency.
  - To ensure that the subrecipient agreement identifies the federal program along with the CFDA number, and that the University (or its auditor) has access to the subrecipient's records.
  - To provide principal investigators with a copy of the University's subrecipient monitoring policy and to advise them of their responsibilities under this policy.

- B. The principal investigator (or his/her designee) responsibilities for monitoring subrecipients shall include the following:
- To monitor the activities of the subrecipient as necessary to ensure that the federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the contract or agreements.
  - To oversee the satisfactory performance of the contract to ensure that goals are achieved.
  - To review and approve expenditures to ensure allowability.
- C. The Office of the Controller, in compliance with Circular A-133, and to establish controls in relation to the University's subrecipient's expenditures, will perform the following monitoring requirements:
- Review invoices to ensure they are accurate and approved for payment by the principal investigator. Review expenditures for compliance with applicable laws, regulations, and contract/agreement provisions, as management deems necessary during the approval process.
  - Review subrecipient account to ensure that actual expenditures and commitments do not exceed the approved budget.
  - Obtains certification of completed audit reports and/or single audit reports (OMB Circular A-133) for subrecipients expending \$500,000 or more in federal awards during the fiscal year.
- D. The Office of the Internal Auditor performs the following procedures:
- Evaluates audit findings for completeness and for compliance with applicable laws and regulations, issues appropriate management directions to the subrecipient, and determines whether a plan of corrective action has been prepared and implemented. If necessary, conducts a review and assessment of documentation (e.g., payroll registers, time and effort reports, fringe benefit and indirect cost rate charged) during the award period and/or post-award closeout process.
  - If necessary, conducts a site visit to review program performance. The site visit might include a review for compliance with financial and program records required by OMB Circular A-110 or could solely be an observance of daily operations.

date

Subrecipient  
Address  
Address

RE: OMB Circular A-133 Audit Information Request

Our records indicate that your institution was a sub-recipient of federal funds awarded to the University of Rhode Island during the fiscal year ending June 30, 200X. OMB Circular A-133, Audits of States, Local Government & Non-Profit Organizations, require us to ensure that your organization is in compliance with the requirements of OMB Circular A-133. Accordingly, please check the appropriate boxes and provide any required documents.

1. We have not yet completed our A-133 audits for **fiscal year 200X**. We expect the audit to be completed by \_\_\_\_\_. Upon completion, we will provide you with written notification and, if material findings are reported or related to the sub award(s) from the University of Rhode Island, we will send a copy of the audit and the corrective action plan.
2. We have completed our A-133 audits for **fiscal year 200X**. The audit presented no material weakness, no material instances of noncompliance, and no findings related to any sub-award(s) from the University of Rhode Island. Therefore, we are not enclosing a copy of the report.
3. We have completed our A-133 audits for **fiscal year 200X**. Material weaknesses, material instances of noncompliance, or findings related to the University of Rhode Island sub-award(s) to us were noted. Enclosed is a copy of the audit report, with relevant findings on page(s) \_\_\_\_\_, and our corrective action plan.
4. We are not subject to the requirements of A-133 because:  
 We are a for-profit organization.  
 We receive less than \$500,000 in total federal support.  
 Other (please explain)

I certify that the boxes checked above are appropriate for the institution I represent. In addition, I certify that all relevant material findings in the audit report have been disclosed.

Name & Title: \_\_\_\_\_

e-mail: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**If you have any questions please contact the Controller's office at (401) 874-2378  
Please send your response to the address listed above  
We would appreciate a reply by June 1, 200X**