

# U.S. Subrecipient Monitoring: Conducting Risk Assessments for International Collaborations



# U.S. SUBRECIPIENT MONITORING: CONDUCTING RISK ASSESSMENTS FOR INTERNATIONAL COLLABORATIONS



DESIGNED BY PÉTER PUKLUS FOR PREZI

# The Requirements

2CFR200.331.(d): Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions...

2CFR 200.331 (b): Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations,...for purposes of determining the appropriate subrecipient monitoring.

2CFR200.331.(e): Depending on the particular entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful.

(1) Profiling subrecipients with 11a11b191nd  
11a11b191nd 11a11b191nd  
(2) Profiling M-SI interviews of the  
subrecipients program options  
(2) A11a11b191nd 11a11b191nd 11a11b191nd  
engagements...

---

2CFR 200.331.(d): Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions...

---

---

This language isn't new. It was included in OMB Circular A-133 section D.400(d)(3) revised in June 2003!

---

2CFR 200.331 (b):

Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations,...for purposes of determining the appropriate subrecipient monitoring.

---

2CFR 200.331.(e): Depending on the pass through entity's assessment of risk posed by the subrecipient ...,the following monitoring tools may be useful...

(1)Providing subrecipients with training and technical assistance...

(2) Performing on-site reviews of the subrecipient's program operations.

(3)Arranging for agreed-upon procedures engagements...

---



## Factors to Consider

- Prior Experience with Subrecipient
- Results of Previous Audits
  - Previous A-133 Audits
  - Previous Audits of Same or Similar Award(s)





## Factors to Consider

- Extent and Results of Federal award agency monitoring
- Other Published Audit or Investigation Reports
- Suspension or Debarment

[illegible]

Risk Assessment Questionnaire

Subrecipient Institution  
Subject to Single Audit?  
Relevant Findings?  
Internal Project Identifier  
Prime Sponsor  
DUNS  
FACEIN  
See other tab for [guidance and frequently asked questions](#)

Threshold Questions (Not Scored)

- if yes to 1, 2, or 3, consider alternatives to initiating agreement:
- 1. Is the Subrecipient Institution presently debarred or suspended?
  - 2. Is the Subrecipient Institution's PI presently debarred or suspended?
  - 3. Does the Subrecipient show "delinquent federal debt" in SAM?

- If no to 4, 5, 6, or 7, consider alternatives to initiating agreement:
- 4. If required by the sponsor, does the Subrecipient have a compliant conflict of interest policy?
  - 5. Does the Subrecipient have an acceptable accounting system?
  - 6. Does the Subrecipient have an acceptable procurement system?
  - 7. If required, has the Subrecipient completed audit under A-133 or Uniform Guidance for the most recent fiscal year?

Other Considerations (Not Scored)

- 8. Has there been a PTE-issued management decision on audit fundings that may affect this award?
- 9. Does the Subrecipient have a negotiated indirect cost rate (or experience setting up such a rate)?
- 10. Does the project include work covered by ITAR or EAR (at Subrecipient, or Subrecipient accessing at PTE?)
- 11. Is there a potential or identified conflict of interest?
- 12. Is cost-share required or included?
- 13. Is participant support included in the Subrecipient's budget?
- 14. Does the Subrecipient have adequate experience receiving same or similar federal awards?
- 15. Have other risks been identified? If yes, explain in Notes below.

Notes:

Institution Questions (Scored) Score

- 16. Is the Subrecipient institution foreign or domestic?  
<click to select>
- 17. What is the Subrecipient Organization type?  
<click to select>
- 18. Does the Subrecipient have a Negotiated IDC Rate Agreement?  
<click to select>
- 19. Were the results of the most recent Single audit (or similar) satisfactory?  
<click to select>
- 20. Is the Subrecipient Institution mature?  
<click to select>
- 21. Does the Subrecipient Institution have experience with determining conflicts of interest (evidence of an acceptable COI Policy)?  
<click to select>

Project Questions (Scored)

- 22. What is the Prime Sponsor type?  
<click to select>
- 23. What is the Prime Award type?  
<click to select>
- 24. Amount of Outgoing Funds?  
<click to select>
- 25. What is the percentage of the Prime Award being subcontracted (specific to this Subrecipient-not total)?  
<click to select>
- 26. Does the work include Human Subjects, Animal Subjects, or Embryonic stem cells?  
<click to select>
- 27. What are the Subrecipient's Scope of Work/Deliverables?  
<click to select>
- 28. Where is the Place of Performance?  
<click to select>

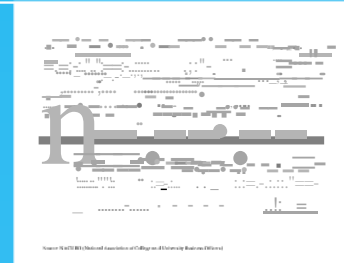
Assessment Performed:		Assessed Risk	Score
Initials	Date	Institution	0
		Project	0
Assessment Incomplete		Total	0

# Capacity Review and Risk Assessment

Capacity Review and Risk Assessment Checklist for System Risk Assessment

Item	Yes	No	Not Applicable
1. Is the system architecture documented and reviewed?			
2. Are the system architecture and design documents reviewed and approved by the system architect?			
3. Are the system architecture and design documents reviewed and approved by the system architect?			
4. Are the system architecture and design documents reviewed and approved by the system architect?			
5. Are the system architecture and design documents reviewed and approved by the system architect?			
6. Are the system architecture and design documents reviewed and approved by the system architect?			
7. Are the system architecture and design documents reviewed and approved by the system architect?			
8. Are the system architecture and design documents reviewed and approved by the system architect?			
9. Are the system architecture and design documents reviewed and approved by the system architect?			
10. Are the system architecture and design documents reviewed and approved by the system architect?			

Source: NIST SP 800-53, Revision 4, Chapter 10, System Security



Capacity Review and Risk Assessment Checklist for System Risk Assessment

## Summary

- USfnsdtullons Int 51111.Nmlng.
- USfnsdtullons-Starting from Risk-AwrM Mindset.
- Expect Multiple Requatsfor Dllta
- Expect Different DeterminNtIons
- Engage with Callugues nSIIUIng RNllslc MonitoringP re - -

**Capacity Review and Risk Assessment Tool for Foreign Sub-Recipients**

Sub-recipient's Name		Amount of Award
Sponsor		Date Completed
Award No.		Reviewed By

Risk Assessment Values					
Low	0-30	Moderate	31-60	High	61-100

Evaluation Criteria	0	1	2	Points	Comments
Award amount - Amount of award as % of Sub recipient's total annual budget	< 15%	15-45%	46-99%		
Past performance - Number of prior grants/awards completed with satisfaction	1-5	6 or more	none		
Annual audited financial statements - available - unqualified opinions	Yes		no		
A-133 Audit	With no significant findings	With limited findings	With significant findings/ No A-133 audits		
Sub-recipient's Financial Health Assessment	Consistent profits, adequate reserves, adequate working capital	Some losses, adequate reserves, adequate working capital	Pattern of losses for 3 yrs., insufficient working capital, low reserves, etc.		
Sub-recipient's location-Country	Developed countries	Moderately Developing countries	Underdeveloped countries		
Prior knowledge of USAID/donor rules and regulations	Yes		no		
Prior US government funding	Yes		no		
Financial management systems in place (pre-award assessment)	Yes		no		
Sub-recipient's Financial staffing capacity	adequate staff		Inadequate staff		
<b>Total Score</b>					

Source: NACUBO (National Association of College and University Business Officers)

### **Monitoring Procedures for Foreign Sub recipients**

The university's monitoring procedures for foreign sub-recipients involve a 3 step process: risk-rating each foreign sub-recipient at the inception of the relationship by requesting pertinent information regarding financial, internal control and prior experience with U.S. government donors or private foundations; documenting proof of performance during the relationship at regular intervals or more often as needed; and ongoing monitoring activities as needed, including requesting for copies of annual A-133 audits or conducting A-133 equivalent program specific audits, internal control reviews through agreed upon procedures, or site visits to the sub-recipients' offices or service delivery sites.

Once the risk-rating for a foreign sub-recipient has been completed and a particular risk category has been assigned, a monitoring plan for the sub-recipient should be developed by \_\_\_\_\_ and reviewed by the \_\_\_\_\_. The monitoring plan should consider both the sub-recipient's risk category and the amount of the sub-grant.

Certain donors (US government) require additional monitoring and/or reporting of foreign sub-recipients. These donors may also require the implementation of special conditions to comply with the terms of their awards. In these cases, the monitoring plan must be adjusted to meet the compliance requirements of donors. In addition, for some sub-recipients, special conditions may be imposed.

#### **Minimum Recommended Monitoring Procedures**

<b>Risk Category</b>	<b>Low Risk</b>	<b>Moderate Risk</b>	<b>High Risk</b>
<b>Minimum Recommended Monitoring Procedures</b>	<ol style="list-style-type: none"><li>1. Specific contract terms and conditions for all foreign sub recipients.</li><li>2. Pay invoices based on actual proof of performance or certified financial reports.</li><li>3. Program officer must certify that the work was performed and that the invoice is within the stated budget.</li><li>4. Finance must review for reasonableness and release payment.</li><li>5. Site visits by Principal Investigator or Program Officer at least once per year</li></ol>	<ol style="list-style-type: none"><li>1. Specific contract terms and conditions for all foreign sub recipients</li><li>2. Pay invoices based on actual proof of performance.</li><li>3. Program officer must certify that the work was performed and that the invoice is within the stated budget</li><li>4. Separate bank account for university remitted funds.</li><li>5. Site visits by Principal Investigator or Program Officer at least twice per year.</li><li>6. Other off-site monitoring procedures.</li></ol>	<ol style="list-style-type: none"><li>1. Specific contract terms and conditions for all foreign sub recipients.</li><li>2. Request for detail on certain expenditures Assign a program officer to the sub-recipient who will monitor performance.</li><li>3. Sub-recipient must send their monthly indicators;</li><li>4. Sub-recipient must send technical/progress report timely and reviewed at home university.</li><li>5. Site visits on a quarterly basis by the PI and more often by the program officer as needed.</li><li>6. Annual audit or university site visit</li><li>7. Audit at project completion (university or outsourced to an audit firm)</li><li>8. Other off-site monitoring procedures.</li></ol>



## Common Risk Mitigation Solutions

- On-going Review of Audits and Financial Statements
- Invoice Review and Approval
  - Additional Documentation
- Conducting Site Visits
- Providing Training and Technical Assistance

# Summary

- US Institutions are Still Learning.
- US Institutions are Starting from a Risk-Averse Mindset.
- Expect Multiple Requests for Data
- Expect Different Determinations
- Engage with Colleagues in Setting Realistic Monitoring Processes.



# Questions?



Robert Andresen, Director of Research Financial Services

---

Research & Sponsored Programs, University of Wisconsin-Madison

---

**[randresen@rsp.wisc.edu](mailto:randresen@rsp.wisc.edu)**

---

# EARMA ANNUAL CONFERENCE NEW HORIZONS IN RESEARCH MANAGEMENT



This conference would not have been possible without the generous support of our sponsors which has made the 22nd EARMA Annual Conference, June 2016 an event we are proud to host here in Luleå.

## GOLD SPONSORS



# EARMA ANNUAL CONFERENCE NEW HORIZONS IN RESEARCH MANAGEMENT



This conference would not have been possible without the generous support of our sponsors which has made the 22nd EARMA Annual Conference, June 2016 an event we are proud to host here in Luleå.

## SILVER SPONSORS



THOMSON REUTERS™



# EARMA ANNUAL CONFERENCE NEW HORIZONS IN RESEARCH MANAGEMENT



This conference would not have been possible without the generous support of our sponsors which has made the 22nd EARMA Annual Conference, June 2016 an event we are proud to host here in Luleå.

## BRONZE SPONSORS



# Third Country Participation in H2020 Collaborative Projects: Guiding Principles

