RES-010

Subrecipient Monitoring on Sponsored Programs

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Status Final

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Policy Type University

Contact Office Sponsored Programs (Office of)

Oversight Executive
Vice President for Research

Applies To Academic Division and the College at Wise.

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Reason for Policy

The University is committed to complying with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), which mandate that the University, as the pass-through entity of federal funds, be held responsible for issuance of subawards and monitoring subrecipient's technical and financial performance.

For non-federal awards, the University may be required by the sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and account for the sponsor's funds.

This policy establishes the University's requirements for issuing subawards and monitoring subrecipient performance.

Definition of Terms

Federal Award

Description

A grant, contract, cooperative agreement, or other transactions received directly from a federal agency as well as federally funded sub-awards received by the University from other organizations.

Non-Federal Award

Description

A sponsored award of non-federal funds as well as non-federally funded subawards received by the University from other organizations.

Pass-through Entity (PTE)

Description

A non-federal entity (such as the University) that receives a sponsored award from which it subsequently issues a subaward. The University acts as a **PTE** each time it issues a subaward.

Principal Investigator (PI)

Description

The individual(s) designated by the applicant organization/recipient to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award. The applicant organization may designate multiple individuals as program directors/principal investigators (PD/PIs) who share the authority and responsibility for leading and directing the project, intellectually and logistically.

Risk Assessment

Description

The overall process or method whereby hazards and risk factors that have the potential to cause harm are identified, and the risk associated with those hazards are analyzed and evaluated.

Sponsor

Description

An individual or group that provides support financially or through the provision of products or services for an event, activity, person or organization.

Sponsored Program

Description

Any externally funded research, public service, or scholarly activity (including hosting or attending conferences) at the University that has a defined scope of work often including a set of specific programmatic objectives and/or deliverables, and line-item-based budget, providing the basis for sponsor expectations and awardee accountability (i.e., a reciprocal transfer of something of value). Sponsored programs are funded through grants,

agreements, and contracts that include terms and conditions for the disposition of tangible properties and outcomes (e.g., equipment, records, specified technical reports, theses, or dissertations) or intangible properties and outcomes (e.g., rights in data, copyrights, and inventions). **Note:** The terms *sponsored program*, *sponsored project*, s*ponsored award*, and/or *sponsored activity* are often used interchangeably.

Subaward

Description

An enforceable agreement, issued under a federal award or a non-federal award between a pass-through entity and a subrecipient for the performance of a substantive portion of the program. (Note: These terms do NOT apply to the procurement of goods or services from a contractor.)

Subrecipient

Description

An entity that receives a subaward from a pass-through entity to carry out part of a federal or non-federal program as opposed to providing goods and services but does not include an individual that is a beneficiary of such a program. Subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities.

Uniform Guidance

Description

A publication from the federal Office of Management and Budget entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR 200).

Contract

Description

Any agreement between the University and one or more external parties for performing, or refraining from performing, some specified act(s) in exchange for a valuable benefit known legally as “consideration.” Agreements meeting this definition may be referred to by other terms (e.g., memoranda of understanding, statements of work, non-disclosure agreements, academic program agreements).

Contractor (Vendor or Supplier)

Description Any entity that supplies goods or services.

Policy Statement

The University must monitor the financial and programmatic activities of its subrecipients to facilitate the proper stewardship of federal awards and non-federal awards if applicable (generically referred to as sponsor funds). As part of this commitment, when issuing sponsor funds to collaborating institutions, the University must implement measures for monitoring the management of those funds and reviewing that the work being performed is in accordance with applicable regulations and sponsor policies.

This policy applies to all subawards issued under sponsored programs awarded to the University without regard to the primary source of funding. University faculty and staff must adhere to the requirements of this policy and its procedure (see Procedures).

1. **Pass-through Entity (PTE):**
   As a PTE, the University must (1) evaluate each subrecipient's and project's risk in order to determine the appropriate subaward terms and monitoring levels; (2) monitor the activities of subrecipient organizations for compliance with applicable regulations and terms of the subaward; and (3) verify that subrecipients are audited as required by the Uniform Guidance.

2. **Policy Exceptions:**
   In rare cases, there may be certain compelling circumstances where exceptions to this policy may be warranted. All requests for an exception to this policy must be in writing, include a detailed justification, signed by the school/department/unit research administration representative, and submitted in advance for evaluation by the executive director of the Office of Sponsored Programs (OSP).

   All exception requests are reviewed on a case-by-case basis. After considering the request, the executive director of OSP determines whether to grant or deny the exception and, if granted, the exception will be time limited. The executive director may consult with the vice president for research and the Office of University Counsel before a decision is made. The vice president for research will be notified of exceptions that are approved.

3. **Responsibilities:**
   Subrecipient monitoring responsibilities are shared among individuals and groups such that:

   The ***principal investigator (PI) and school/department/unit*** are responsible for:
   - Obtaining a completed University of Virginia Consortium Commitment form from subrecipients and routing it for proposal review or with new subaward requests as appropriate.
   - Confirming the statement of work and budget and reviewing any non-standard terms and conditions of the subaward during the subaward agreement negotiation process.
   - Monitoring programmatic progress and the ability of the subrecipient to meet objectives of the subaward.
   - Funding the subaward for the correct amount for the applicable scope of work and period of performance.
   - Reviewing and certifying subrecipient invoices after confirming all deliverables are received.
   - Monitoring each subaward throughout the period of performance and escalating concerns to the school/department/unit research administration and/or the Office of Sponsored Programs as appropriate.

   The ***school/department/unit*** is responsible for:
   - Facilitating information-gathering of proposed subrecipients at the proposal stage.
   - Facilitating the provision of appropriate documentation regarding statement of work and budgets in line with the sponsored program to OSP.
   - Working with PIs and the appropriate schools/departments/units to resolve issues on subawards as they arise and escalate to OSP if issues continue or cannot be resolved.
   - Coordinating subaward monitoring at the school/department/unit level as necessary.
   - Monitoring subrecipient performance and reporting material issues noted during the reviews to OSP.
   - Preparing, signing, and sending policy exception requests to OSP.

The ***Office of Sponsored Programs*** is responsible for:

- Documenting the determination of whether a third party is treated as a contractor or subrecipient.
- Completing risk assessments on new subrecipient organizations.
- For all subawards on a federal award:
    - Reviewing the subrecipient's audit report on a regular basis, based on frequency stipulated by the sponsor and taking appropriate actions.
    - Documenting reasons for any actions taken as a result of the annual review.
- Maintaining the subrecipient risk assessment results and incorporating ratings assigned on organizational and project risk assessments.
- Incorporating additional terms and/or stringent documentation requirements in a subaward when needed based on information from the PI, the managing school/department/unit, the risk assessment of the subrecipient organization and the project; and notifying the sponsor of such actions when required by sponsor policy.
- Reviewing and acting upon policy exception requests.
- Notifying the vice president for research of policy exception request approvals.
- Following up on any subrecipient audit finding by performing site or desk reviews.
- Reporting under the Federal Funding Transparency Act.

4. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies. In addition, failure to comply with the requirements of this policy and its related procedures may result in penalties levied against the schools/departments/units and/or the University by a sponsor.

   Specifically, noncompliance with this policy may result in one or more of the following:
   - The sponsor disallowing subaward costs.
   - Suspension or termination of the sponsored award.
   - Withholding other sponsored programs to the PI or to the University.
   - Debarment of the PI or University from receiving future sponsored programs.

   Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and jeopardize current and future funding.

   Direct questions about this policy to the Office of Sponsored Programs.

Procedures

OSP - Outgoing Subawards and Subrecipient Monitoring

Related Information

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) for Sponsored Awards subject to that regulation
Federal Acquisition Regulation (48 CFR)
University's applicable Agreements with the federal government.

Major Category Research Administration

Next Scheduled Review Tuesday, August 22, 2028

Revision History

Added defined term Contractor, deleted Unit; made minor clarifications 8/22/25.

Category Cross Reference

Finance and Business Operations

Approved By Executive Vice President & Chief Operating Officer

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