

## Shippensburg University Internal Procedures for Subrecipient Monitoring

### Pre-award

- Institute for Public Service (ISP) will send out the “Prospective Subrecipient Questionnaire” to the potential subrecipients.
- ISP will review returned questionnaires for completeness, log the receipt and send the questionnaire to Grant Accounting (GA)
- GA will use the “Risk Assessment Tool” and review the entity’s Single Audit on the Bureau of Census website, if applicable, to rate the risk of the entity.
- If the subrecipient is determined to be “low risk”, GA will document that on the questionnaire and send it back to ISP for filing.
- If the subrecipient is determined to be “high risk”, a meeting will be convened with GA, ISP and potentially the Principal Investigator (PI) to determine if the entity will still be given the subaward, and if so, what monitoring procedures will be adopted per the requirements of the Uniform Guidance. The monitoring plan will be documented in the ISP files.

### Annual Risk Assessment

- IPS will send the “Audit Certification Form” to subrecipients whose award period is longer than one year. The form should be sent at least one month prior to the one year anniversary of the grant.
- ISP will review returned certification form for completeness, log the receipt and send the form to Grant Accounting (GA)
- GA will use the “Risk Assessment Tool” and review the entity’s Single Audit on the Bureau of Census website, if applicable, to rate the risk of the entity.
- If the subrecipient is determined to be “low risk”, GA will document that on the certification form and send it back to ISP for filing.
- If the subrecipient is determined to be “high risk”, a meeting will be convened with GA, ISP and potentially the Principal Investigator (PI) to determine what monitoring procedures will be adopted per the requirements of the Uniform Guidance. The monitoring plan will be documented in the ISP files.

### Tools

- The PASSHE Grants Office has developed sample forms for the following:
  - Prospective Subrecipient Questionnaire
  - Risk Assessment Tool
  - Audit Certification Form

**Questions for a Prospective Subrecipient (version date 1.12.15)**

INSTRUCTIONS: Your institution is being considered for a subaward under a federal grant. Please complete the following questionnaire, certify it by a knowledgeable and responsible institution/ organization official and return to the University office designated below.

**A. Administrative Matters**

1. Name of institution/ organization (subrecipient): \_\_\_\_\_
2. Business address: \_\_\_\_\_
3. Name and title of person responsible for financial matters: \_\_\_\_\_
4. Contact information (email address and telephone number): \_\_\_\_\_
5. Name and title of person able to certify to the accuracy of the completed questionnaire:  
\_\_\_\_\_
6. F.E.I.N.: \_\_\_\_\_
7. DUNS #: \_\_\_\_\_

**B. Capacity**

1. Has the subrecipient previously done work for the federal government? Yes\_\_ No \_\_  
If YES, please list the last three agreements and note whether each was a prime award/ contract or lower-tier award/ subcontract and the time period of performance.

a. Awarding agency:	Time period:	Type of award:
b. Awarding agency:	Time period:	Type of award:
c. Awarding agency:	Time period:	Type of award:
2. Does the Subrecipient have formal, written procedures that address the following research compliance areas?
  - a. Responsible Conduct of Research Yes\_\_ No \_\_
  - b. Protection of Human Subjects (IRB) Yes\_\_ No \_\_
  - c. Animal Welfare (IACUC) Yes\_\_ No \_\_
  - d. Investigator Conflict of Interest Yes\_\_ No \_\_
  - e. Time and Effort Reporting Yes\_\_ No \_\_
3. If NO to any item in 2, is the Subrecipient willing and able to comply with the University's procedures? Yes\_\_ No \_\_
4. Is the Subrecipient currently debarred or suspended from doing business with the federal government? Yes\_\_ No \_\_

**C. Financial**

1. Does the subrecipient have a designated federal cognizant audit agency? Yes\_\_ No \_\_  
If YES, please provide the agency's name: \_\_\_\_\_
2. Does the subrecipient have a negotiated federal F&A rate? Yes\_\_ No \_\_
  - a. If NO, please provide documentation to substantiate any proposed overhead rate, i.e., breakdown of rate components.
  - b. If YES what is the rate? \_\_\_\_\_
  - c. To what base is it applied? \_\_ direct salaries and wages \_\_total direct costs \_\_ modified total direct costs \_\_ other. If "other", please identify basis \_\_\_\_\_
  - d. What period does it cover? \_\_\_\_\_
  - e. Who prepared it? \_\_\_\_\_

3. Is the subrecipient required to have an A-133 audit? Yes\_\_\_ No\_\_\_  
If YES, please provide a copy of the most recent audit. (No need to complete the remaining questions.)

If NO, please continue.

4. Does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm?

If YES, please provide a copy of the statement for the most recent fiscal year.

If No, please explain:

5. If applicable (if the subrecipient received more than \$50 million in federal awards in its most recent fiscal year (see 48 CFR Chapter 99, Parts 9903.201-1 and 9903.201-2)) will the subrecipient agree to adhere to Cost Accounting Standards Board regulations under the proposed subcontract? (See 48 CFR Ch.99, Part 9904 or 9905 for educational institutions) Yes\_\_\_ No \_\_\_

a. If NO, does the subrecipient have a financial management system that provides records that can identify the source and application of funds for award-supported activities in accordance with the proposed budget? Yes \_\_\_ No\_\_\_

6. Does the subrecipient have a financial management system that provides for the control and accountability of project funds, property, and other assets? Yes\_\_ No\_\_

7. Describe the method used to support labor and benefit charges:

8. Does the subrecipient maintain an inventory of government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? Yes\_\_\_ No \_\_\_

9. Does the subrecipient have a formal, written policy that addresses:

- a. Pay rates and benefits? Yes\_\_\_ No \_\_\_
- b. Time and attendance? Yes\_\_\_ No \_\_\_
- c. Leave? Yes\_\_\_ No \_\_\_
- d. Discrimination? Yes\_\_\_ No \_\_\_
- e. Nepotism? Yes\_\_\_ No \_\_\_
- f. Conflict of interest? Yes\_\_\_ No \_\_\_
- g. Travel? Yes\_\_\_ No \_\_\_
- h. Purchasing? Yes\_\_\_ No \_\_\_

The above information is true and correct to the best of my knowledge. I understand others will rely upon this information in undertaking a risk assessment of my institution/organization prior to the award of federal funds.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

.....  
**Return this form by \_\_\_{date}\_\_\_\_\_ to:**

**Name** \_\_\_\_\_

**Email** \_\_\_\_\_

**Address** \_\_\_\_\_

**Institution** \_\_\_\_\_

# Risk Assessment Tool (version date 1.12.15)

Adapted from the Association of Government Accountants (AGA)

INSTRUCTIONS: This form is completed when considering entering into a federal grant/contract **subaward**. It may be completed by the Sponsored Research office or various sections may be completed by other offices/persons depending on expertise. If entering into a subaward with another PASSHE university, do not complete this risk assessment or a formal subaward agreement.

**Subrecipient Name:** \_\_\_\_\_

**Date of Assessment** \_\_\_\_\_

**Program/Project:** \_\_\_\_\_

Address of subrecipient: \_\_\_\_\_

Name and title of person responsible for financial matters:

\_\_\_\_\_  
Contact information (email address and telephone number):

## QUICK RISK ASSESSMENT FOR SUBAWARD RENEWALS

1. Is the subrecipient's award less than or equal to \$1000 or 10% of the prime university award?  
Yes\_\_\_ No\_\_\_

2. Is there a one-year, or longer, record of *exemplary past performance* (i.e. timely performance, all outcomes delivered, no financial discrepancies/problems) by the subrecipient and its staff on this *same* project/grant? Yes\_\_\_ No\_\_\_ Please describe: \_\_\_\_\_

3. If the answer to BOTH 1 and 2 is YES, review the subrecipient's Single Audit or financial statement and go to Section V.

## I. GENERAL (CAPACITY) ASSESSMENT Completed by: \_\_\_\_\_

A. (NO responses indicate risk)

1. Has the subrecipient previously received grants from the federal government? Yes\_\_\_ No\_\_\_

2. Has the subrecipient been timely in responding to program/fiscal requests, reports etc. ?  
Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

3. Does the subrecipient have the required research compliance procedures? Yes\_\_\_ No\_\_\_  
N/A\_\_\_ COMMENTS:

a. If NO, has the Subrecipient agreed to follow the University's procedures? Yes\_\_\_ No\_\_\_  
N/A\_\_\_ COMMENTS:

4. If the University had past subawards with this subrecipient,

a. Has the subrecipient complied with general terms and conditions? Yes\_\_\_ No\_\_\_ N/A\_\_\_  
COMMENTS:

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b. Has the subrecipient met expected performance goals? Yes\_\_\_ No\_\_\_  
N/A\_\_\_ COMMENTS:

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**B. (YES responses indicate risk)**

5. Is this program (grant) new for the subrecipient? Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

6. Are you aware if the subrecipient's faculty or staff assigned to the program are inexperienced with the program? (*consult proposal bio sketches, resumes, cv's*) Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

7. Is the subrecipient's scope of work unusually complex (*e.g., program, funding, matching requirements*)?

Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

8. Did the sponsor identify any concerns regarding the subrecipient during its merit review?

Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

9. Have any other entities (program offices, auditors, colleagues, etc.) alerted us of potential risk areas?

Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

10. Other areas of capacity assessment risk (entity-specific):

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**II. LEGAL ASSESSMENT Completed by:\_\_\_\_\_**

(Yes responses indicate risk)

1. Is the subrecipient currently or previously been suspended or debarred? (Search Records on the Federal System for Award Management [www.sam.gov](http://www.sam.gov)) Yes\_\_\_ No\_\_\_ N/A\_\_\_

*If yes, explain.* \_\_\_\_\_ (Attach additional sheet if needed).

COMMENTS:

2. Is the subrecipient an international institution/organization? Yes\_\_\_ No\_\_\_

N/A\_\_\_ COMMENTS:

***If YES, the subrecipient is automatically classified as high risk.***

3. Other areas of legal assessment risk (entity-specific)

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**III. FINANCIAL SYSTEM ASSESSMENT Completed by:\_\_\_\_\_**

(No responses indicate risk)

Is the subrecipient required to have a Single Audit? Yes \_\_\_ No \_\_\_

If **Yes**, search and access the subrecipient's audit at the Federal Audit Clearinghouse

<https://harvester.census.gov/fac/dissem/accessoptions.html> and go to **Section IV**.

If **No**, complete this section, using the subrecipient's responses on the *Questions for a Prospective Subrecipient*.

1. Will the subrecipient agree to adhere to Cost Accounting Standards Board regulations under the proposed subcontract? Yes\_\_\_ No\_\_\_ COMMENTS:

If NO, Does the **subrecipient** have a financial management system that provides records that can identify the source and application of funds for award-supported activities? Yes\_\_\_ No\_\_\_  
COMMENTS:

2. Does the **subrecipient** have a financial management system that provides for the control and accountability of project funds, property, and other assets? Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

3. Does the **subrecipient** have a formal, written policy that addresses--

- a) Pay rates and benefits? Yes\_\_\_ No\_\_\_ COMMENTS:
- b) Time and attendance? Yes\_\_\_ No\_\_\_ COMMENTS:
- c) Leave? Yes\_\_\_ No\_\_\_ COMMENTS:
- d) Discrimination? Yes\_\_\_ No\_\_\_ COMMENTS:
- e) Nepotism? Yes\_\_\_ No\_\_\_ COMMENTS:
- f) Conflict of interest? Yes\_\_\_ No\_\_\_ COMMENTS:
- g) Travel? Yes\_\_\_ No\_\_\_ COMMENTS:
- h) Purchasing? Yes\_\_\_ No\_\_\_ COMMENTS:

4. Does the **subrecipient** have a method to support labor and benefit charges? Yes\_\_\_ No\_\_\_  
COMMENTS:

5. Does the **subrecipient** maintain an inventory of government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? Yes\_\_\_  
No\_\_\_ COMMENTS:

6. Other items of financial system assessment (entity-specific):  
\_\_\_\_\_

**IV. OVERALL FISCAL ASSESSMENT** Completed by: \_\_\_\_\_

(Yes responses indicate risk)

1. Will this subrecipient receive a large proportion of this grant's funds?  
Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

2. If this subaward is a continuation or a renewal, have there been variations between expenditures and the proposal budget (in the most recent annual report)?  
Yes\_\_\_ No\_\_\_ N/A\_\_\_ (*large variations=higher risk*) COMMENTS:

3. If this subaward is a continuation or a renewal has the subrecipient returned (lapsed) significant unspent funds?  
Yes\_\_\_ No\_\_\_ N/A\_\_\_ COMMENTS:

4. Other items of overall fiscal assessment (entity-specific):  
\_\_\_\_\_

## V. FINANCIAL STABILITY (AUDIT) ASSESSMENT Completed

by: \_\_\_\_\_

(Yes responses usually indicate risk)

To complete this section, search and access the subrecipient's audit at the Federal Audit Clearinghouse <https://harvester.census.gov/fac/dissemin/accessoptions.html>

1. Has it been more than one year since the subrecipient completed a Single Audit? (No single audit=higher risk)

Yes\_\_\_ No\_\_\_ N/A\_\_\_ IF NO, WHY NOT? \_\_\_\_\_

2. If the subrecipient is not required to have a Single Audit, does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm?

Yes\_\_ No\_\_ COMMENTS **NO indicates risk**

### A. For subrecipients with a federal Single Audit. N/A \_\_\_

1. Does the subrecipient's federal Single Audit (in Financial Statements Summary) include--

- a) An audit opinion (audit "type") that is qualified/modified opinion, adverse opinion or disclaimer of opinion? Yes\_\_\_ No\_\_\_ COMMENTS:
- b) A "going concern"? Yes\_\_\_ No\_\_\_ COMMENTS:
- c) A significant deficiency? (i.e. an internal control finding) Yes\_\_\_ No\_\_\_ COMMENTS:
- d) A Material weakness? (i.e. an internal control finding) Yes\_\_\_ No\_\_\_ COMMENTS:
- e) Any Non-compliance that is material to the financial statements? Yes\_\_\_ No\_\_\_ COMMENTS:

2. Does the federal Single Audit (in Federal Programs Summary) indicate--

- a) The auditee (subrecipient) qualifies as a low-risk auditee? Yes\_\_\_ No\_\_\_ COMMENTS:  
**NO indicates risk**
- b) There is a reportable condition disclosed for any major program? Yes\_\_\_ No\_\_\_ COMMENTS:
- c) There is a reportable condition reported as a material weakness? Yes\_\_\_ No\_\_\_ COMMENTS:
- d) There are known questioned costs reported? Yes\_\_\_ No\_\_\_ COMMENTS:
- e) Were prior audit finding related to direct federal funding shown in the Schedule of Prior Audit Findings? Yes\_\_\_ No\_\_\_ COMMENTS:  
Which agency/program? \_\_\_\_\_  
If yes, were the prior findings corrected? \_\_\_\_\_

### B. For subrecipients with no Single Audit N/A \_\_\_

Review the subrecipient's financial statements, including the auditor's opinion, the notes and management letter. The notes and "management letters" contain information and disclosures important to the understanding of the financial statements.

1. Is the auditor's opinion (i.e., audit "type") --

- a) A qualified opinion (i.e. one or more areas do not comply with GAAP, or the audit was limited in scope)?

Yes\_\_\_ No\_\_\_ COMMENTS:

b) An adverse opinion (material misstatements; as a whole does not conform to GAAP)?

Yes\_\_\_ No\_\_\_ COMMENTS:

It would contain a statement such as Note: "In our opinion, *because of the situations mentioned above* (in the explanatory paragraph), the financial statements referred to in the first paragraph *do not* present fairly, in all material respects, the financial position of..."

c) or disclaimer of opinion? Yes\_\_\_ No\_\_\_ COMMENTS:

Issued when auditor could not form and consequently refuses to present an opinion on the financial statements when a) the auditor is not independent or when there is conflict of interest; or b) limitation on scope is imposed by client, as a result the auditor is unable to obtain sufficient appropriate audit evidence; or c) circumstances indicate substantial problem of going concern in client; or d) there are significant uncertainties in the business of client.

d) Include a "going concern" statement"? Yes\_\_\_ No\_\_\_ COMMENTS:

This means that the entity might not be able to sustain itself within the next twelve months. The opinion would contain a statement such as: "These conditions raise substantial doubt about its [the entity's] ability to continue as a going concern. Management's plans in regard to these matters are also described in Note (X)".

2. Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)?

Yes\_\_\_ No\_\_\_ COMMENTS

3. Other factors of audit risk assessment (entity-specific):

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**Subrecipient classification:**

**Low Risk:** \_\_\_\_\_

**High Risk:** \_\_\_\_\_ **Identify and list actions to be taken to mitigate risk** (e.g. more frequent progress reports, on-site monitoring at scheduled intervals, complete documentation of every invoice, training for subrecipient staff, withholding cash payments when deficiencies arise and until deficiencies are corrected, or other actions as appropriate) **and incorporate these requirements in the Subaward agreement as Special Conditions:**

- 1.
- 2.
- 3.

**COMPLETED BY:** \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_



## Audit Certification Template

Our records indicate that your institution was a subrecipient of federal funds awarded to **[insert Name of State System university]** during the past fiscal year ending **[insert date]**. OMB *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*, published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200, requires us to ensure that you are in compliance with the requirements of Subpart F – Audit Requirements

Please check the appropriate box and provide required documentation.

Our Single Audit is not yet completed. We expect the audit to be completed by \_\_\_\_/\_\_\_\_/\_\_\_\_. Upon completion, we will advise you of the results and forward all appropriate documents.

Our Single Audit for Fiscal Year **20\_\_** has been completed. The audit presented no material weaknesses, material instance of noncompliance, no significant deficiencies and no findings related to the subawards from **(insert name of State System university)**. Our audit report can be found at this web site OR are enclosed:

\_\_\_\_\_

Our Single Audit included negative findings. A copy of the audit report and management letter is enclosed or can be found on the following web site:

\_\_\_\_\_

We are not subject to the requirements of Subpart F - Audit Requirements because:

( ) Our organization is for profit.

( ) Excluding federal *contracts* for goods and services, our organization expended less than \$750,000 in federal grant awards in **FY 20\_\_**.

( ) Our organization is a non-US, foreign entity.

If NOT subject to Subpart F, a copy of our financial statements and management letter are enclosed.

\_\_\_\_ The management letter did not include material weaknesses.

\_\_\_\_ The management letter did include material weaknesses, please see enclosed audit report and management letter.

I certify that the above checked boxes characterize the position of the institution of which I am a representative. Further, I certify that all relevant material findings contained in the audit report, if complete, have been disclosed.

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

Typed Name and Title: \_\_\_\_\_

Re: **[insert name of State System U.]** Subcontract ID: \_\_\_\_\_

Please return to: **[State System U. grant officer]** via email or fax by **\_\_ [insert date] \_\_**

OR mail to **[Address of State System university]**

Your cooperation is appreciated. If you have any questions, please call me at (xxx)-xxx-xxxx.

Sincerely,