



**PROCEDURE FOR INSTITUTIONAL POLICY R-08:
SUBRECIPIENT DETERMINATION, RISK ASSESSMENT, AND MONITORING**

1. PURPOSE

The purpose of this Procedure for Institutional Policy R-08: Subrecipient Determination, Risk Assessment, and Monitoring is to evaluate whether a Subrecipient or Contractor relationship is present, the Subrecipient's financial status, the Subrecipient's ability to adhere to the grant guidelines and carry out the scope of the grant, and to promote good stewardship, responsibility and accountability of the funds provided to them. WVSOM is obligated, as the primary recipient, to comply with all federal, state, and local regulations.

2. APPLICABILITY

This procedure applies to any situation where Institutional Policy R-08: Subrecipient Determination, Risk Assessment, and Monitoring is applicable. Note: Not all grants and sponsored programs with Subrecipients require risk assessments (i.e., grants from private foundations). Risk assessments and monitoring (where appropriate) shall be completed on all Subrecipients as required by Uniform Guidance, 2 C.F.R. § 200.330-200.332, in cases where non-federal sponsors require it, or where WVSOM determines it is in its best interest to assess and monitor the use of funds provided to another entity.

3. DEFINITIONS

- 3.1 "Contractor" means an entity that provides goods or services to WVSOM, for which a procurement relationship shall be established.
- 3.2 "Pass-Through Entity" means a non-federal entity that provides a Subaward to a Subrecipient to carry out part of a federal program.
- 3.3 "Risk Level" means the level assigned to the Subrecipient on the likelihood they would not stay in compliance with federal regulations, institutional policies and procedures, other applicable policies and procedures, or the terms of the Subaward agreement (e.g. not be good stewards of the funds).
 - 3.3.1 "Low Risk" means the risk of non-compliance is very low. Examples of Low Risk include, but are not limited to: a) no audit finding; and b) prior working relationship.
 - 3.3.2 "Medium Risk" means the risk of non-compliance is above normal. Examples of Medium Risk include, but are not limited to: a) organizations without prior experience on federal awards; and b) international organizations with sufficient accounting systems and internal controls.
 - 3.3.3 "High Risk" means the risk of noncompliance is greatly elevated. Examples of High Risk include, but are not limited to: a) prior audit finding with major deficiencies/material weakness; b) organizations without sufficient accounting systems and internal controls; c) prior or current Principal Investigator (PI)/Project Director (PD)/Organization debarment or suspension; d) prior non-performance; e) prior or current conflict of interest; and f) international organizations without prior experience with federal funding.
- 3.4 "Subaward" means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible Subrecipient or by a Subrecipient to a lower tier Subrecipient.
- 3.5 "Subrecipient" means a non-federal entity that receives a Subaward from a Pass-Through Entity ("PTE") to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

4. SUBRECIPIENT AND CONTRACTOR GUIDANCE AND DETERMINATIONS

4.1 Guidance

- 4.1.1 A Subrecipient is an entity that undertakes substantive, programmatic work, or an important or significant portion of the research program or project. This entity usually participates substantively, has discretion, and independent decision-making on the design or conduct of their portion of the project, and are typically included as co-authors on publications.
- 4.1.2 A Contractor is an entity that provides specific goods and services and is not directly responsible for the design of the project. Rather, a Contractor implements the plan of WVSOM, specifically as described by WVSOM; the entity has little to no independent decision-making ability and generally provides such services to other institutions and entities. Such work does not generally include authorship credit on publications.
- 4.1.3 Use of judgement in making determinations is often required. There may be a circumstance or exception to the characteristics described. In making the determination of whether a Subrecipient or Contractor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and best judgment should be used. For additional guidance, refer to 2 C.F.R. § 200.330, OMB Circular A-133, and the WVSOM Research and Sponsored Programs webpages.

4.2 Determination

- 4.2.1 The Principal Investigator or Project Director (“PI/PD”) may provide the Office of Research and Sponsored Programs (“ORSP”) and the Office of Business Affairs (“OBA”) with an initial evaluation of whether the collaborator should be classified as a Subrecipient or Contractor, using the appropriate Subrecipient/Contractor classification form provided by the ORSP upon request. The PI/PD may authorize a designee to act on his/her behalf; however, the PI/PD retains ultimate authority and responsibility for the project and compliance with requirements of this procedure.
- 4.2.2 The ORSP and the OBA will review the Subrecipient/Contractor classification form and jointly determine the classification. Either office may consult with, or ask for clarity from, the PI/PD on their descriptions.
- 4.2.3 If the determination is that the collaborator is a Contractor, the PI/PD shall work with the OBA to develop the corresponding contract for goods and services related to the sponsored project, following WVSOM’s standard procurement procedures.

5. SUBRECIPIENT RISK ASSESSMENT AND MONITORING

- 5.1 If the determination from Section 4 above is that the collaborator is a Subrecipient, the Subrecipient procedures set forth in this Section 5 shall be followed.

5.2 Risk Assessment

- 5.2.1 The PI/PD will provide the ORSP and the OBA the Subrecipient’s legal name and address, Dun and Bradstreet Data Universal Numbering System (DUNS) number, Employer Identification Number (EIN), website information, any financial information received, and Statement of Work (SOW).
- 5.2.2 The ORSP will conduct the initial risk assessment of the Subrecipient by completing the Risk Assessment Tool (“RAT”). The RAT includes:
 - a. Subrecipient Employer Identification number (EIN);

- b. Dun and Bradstreet Data Universal Numbering System (DUNS) number;
- c. Award type (grant, contract, cooperative agreement, etc.);
- d. Amount of federal funds obligated to the Subrecipient;
- e. Results from SAM.gov, FAIIPS or Federal Audit Clearing House search;
- f. Subrecipient years in business;
- g. Prior experience working with WVSOM;
- h. Budget Review;
- i. Cost sharing requirement;
- j. Compliance requirement(s);
- k. Review of website for up-to-date, easily accessible, entity license, current address, phone, etc.; and
- l. Additional information, as needed, will be sought from the PI/PD, collaborator, or the OBA, to complete the Risk Assessment Tool.

5.2.3 The ORSP will provide the RAT to the OBA for the final Risk Assessment Level Determination (“RALD”).

5.2.4 Based on the RAT, the OBA will make the RALD using the following guidelines:

- a. Low Risk: The Subrecipient has no audit findings, or Low Risk findings provided by the auditors; minor or unrelated audit findings; previous experience with WVSOM shows no noncompliance issues.
- b. Medium Risk: The Subrecipient does not have prior experience with federal awards or limited experience with federal funding, or the applicable state, institutional, or agreement requirements; lack of sufficient internal accounting procedures; minimal or moderate noncompliance issues with previous collaboration with WVSOM.
- c. High Risk: The Subrecipient’s prior audit findings show major deficiencies, debarment, lack of internal controls; international collaboration; prior experience with WVSOM indicates continued noncompliance or difficulty; conflict of interest with WVSOM; no prior experience with federal funds.

5.2.5 The OBA will provide the final RALD to the PI/PD and the ORSP.

5.3 Monitoring

5.3.1 Based on the RALD, the Subaward agreement shall be developed by the OBA and with PI/PD input, and may include, but not be limited to, any of the following risk management tools:

- a. Providing the Subrecipient with training and technical assistance on program-related matters.
- b. More frequent monitoring or programmatic aims or invoices.
- c. More frequent communication with or reporting to the PI/PD/designee.
- d. On-site reviews of the Subrecipient's Subaward operations.
- e. Audits by WVSOM of the Subaward operations or financial compliance.
- f. Other risk management tools as required by the OBA.

- g. Enforcement actions for noncompliance with the terms of the Subaward agreement or regulatory requirements, including withholding of payments, disallowing costs, suspension or termination of the Subaward, or other legally available remedies.
- 5.3.2 The Subaward agreement shall be provided to the ORSP for review and comment, particularly for research-related compliance requirements, prior to the Subaward being fully executed.
- 5.3.3 Once the Subaward agreement is fully executed, the PI/PD shall provide documentation of any required non-financial reports, monitoring, or other documents, as described in the agreement, to the ORSP.
- 5.3.4 The PI/PD shall provide financial reports, invoices, audits, or updated information related to risk assessment to the OBA.

6. RESPONSIBILITIES

- 6.1 PI/PD/Designee. The PI/PD/designee shall be responsible for the following:
 - 6.1.1 Maintaining sufficient communication with the Subrecipient to assess accurately whether the Subrecipient is adequately performing the Statement of Work (SOW), making reasonable progress toward the goals, and accurately executing the terms of the Subaward agreement.
 - 6.1.2 Reviewing all performance reports.
 - 6.1.3 Reviewing all financial invoices for accuracy and assuring charges reasonably reflect progress made on the project. If the PI approves and signs off on the invoices, the PI/PD/designee shall forward the approved invoices to the OBA for processing.
 - 6.1.4 Conducting on site visits (if necessary or if otherwise required by the Subaward agreement).
 - 6.1.5 Working jointly with the OBA to determine the appropriate reporting, documentation, and level of detail required for any activities of a Subrecipient, should the Subrecipient be determined to be High Risk.
 - 6.1.6 Communicating with the ORSP and the OBA as soon as possible if there are concerns that the Subrecipient is not in compliance or may not be able to stay in compliance with the terms of the Subaward agreement.
- 6.2 ORSP. The ORSP shall be responsible for the following:
 - 6.2.1 Documenting the rationale for Subrecipient vs Contractor determination.
 - 6.2.2 Communicating with the OBA regarding the initial risk assessment.
 - 6.2.3 Communicating with the PI/PD for any additional needs required for the risk assessment.
 - 6.2.4 Documenting the risk assessment and any information used in the risk assessment.
- 6.3 OBA. The OBA shall be responsible for the following:
 - 6.3.1 Communicating the Subrecipient vs Contractor determination to the PI/PD and the ORSP.
 - 6.3.2 Communicating the RALD decision regarding the Subrecipient's Risk Level to the PI/PD and the ORSP.

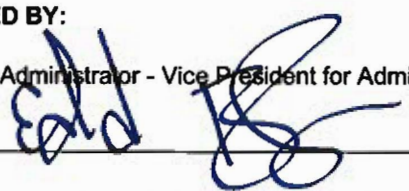

- 6.3.3 Working with the PI/PD to develop the Subrecipient agreement, with consideration of the RALD decision regarding the Subrecipient's Risk Level for reporting, documentation, and details required.
- 6.3.4 Reviewing financial invoices for compliance with the terms and conditions of the Subaward prior to payment and ensuring all charges are allowable, allocable, and reasonable.
- 6.3.5 Coordinating with the PI/PD and the Subrecipient to resolve any identified issues.
- 6.4 Subrecipient. The Subrecipient shall be responsible for the following:
 - 6.4.1 Adhering to the terms and conditions of the Subaward agreement.
 - 6.4.2 Notifying WVSOM, through the PI/PD/designee, of any barriers in performing the scope of work.
 - 6.4.3 Notifying WVSOM, through the financial contact in the Subaward agreement, if changes in the agreement are needed.
 - 6.4.4 Submitting complete and accurate financial invoices and reports in a timely manner.

7. COMPLIANCE

- 7.1 Compliance is the joint responsibility of all involved. If non-compliance issues are identified, a corrective action may be necessary and shall be completed jointly by the PI/PD, Associate Dean of Research and Sponsored Programs (ADRSP)/designee, and the Grants Financial Officer. Corrective action may include but is not limited to:
 - 7.1.1 Temporarily withholding cash payments until the issue is resolved;
 - 7.1.2 Disallowing part of the cost that involves the noncompliance;
 - 7.1.3 Terminating the award;
 - 7.1.4 Withholding future awards;
 - 7.1.5 Taking legal action.
- 7.2 Any corrective actions taken may be appealed in writing to the Vice President of Finance and Facilities.

8. REFERENCES

Uniform Guidance, 2 C.F.R. § 200.330-200.332

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