Subrecipient Monitoring Policy

Rationale

The Minnesota North College Subrecipient Monitoring Policy was enacted to comply with federal regulation 2 CFR 200.332 of the Uniform Guidance concerning pass-through entities responsibilities pertaining to subawards are part of a federal prime award. Policies and procedures will be in place for subrecipients that comply with the accountability guidelines set forth in the “OMB Uniform Guidance (Super Circular)”. Additionally, any individual working with and/or charging time to a grant will have guidelines in place to ensure that the costs incurred are necessary, reasonable, allocable, and allowable according to Federal guidelines.

Policy

The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, 2 CFR 200, Dec. 26, 2014, ("Uniform Guidance") sets standards for obtaining consistency and uniformity in organizations expending federal awards. In instances where the award recipient sub-contracts with another organization to perform duties required or necessitated by the prime award, the award recipient serves as a *pass-through entity*. As a pass-through entity, the award recipient has monitoring obligations to ensure that the subrecipient entity uses the award for authorized purposes and that the goals of the award are achieved.

Minnesota North College is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of grant funds. This policy addresses institutional responsibilities and assists the Principal Investigator/Project Director (PI/PD) and staff to ensure that, in addition to achieving performance goals, subrecipients must comply with federal laws and regulations and with the provisions of any agreements that govern the subaward.

Terms and Definitions

Subrecipient: a person or agency that has programmatic decision-making responsibilities for performance in carrying out a portion of an externally funded project.

Principal Investigator (PI): a person with primary responsibility for monitoring subrecipient’s progress and maintaining compliance with federal regulations for both prime and subrecipient award terms and conditions. This role may also be referred to as the Project Director or Grant Manager.

Procedures:

Roles and Responsibilities
The college must ensure that its subrecipients comply with Uniform Guidance administrative requirements, cost principles and audit requirements. The college is responsible for

- Informing the subrecipient of all applicable federal laws and regulations of the agreement by attaching to the sub-agreement a copy of the agreement that the college has with the funding agency stating the terms and conditions that will flow down to the subrecipient.
- Establishing a system to monitor the performance and activities of the subrecipients
- Ensuring all costs of the subaward are in accordance with the cost principles and procedures applicable to the award agreement (expenses are necessary, reasonable, allocable, and allowable),
- Reviewing expenses and following up on questionable costs with the subrecipient

Federal Funding Accountability and Transparency Act (FFATA)
The Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109–282), as amended by section 6202 of Public Law 110–252, recipients must report information for each subaward of $30,000 or more in federal funds and executive total compensation, as outlined in Appendix A to 2 CFR Part 170. The FFATA reporting requirements apply for the duration of the project period. Subawards to individuals are exempt from these requirements.

As of October 1, 2010, all Federal subawards of $30,000 or larger are subject to the FFATA subaward reporting requirements. Subrecipients must maintain an active registration in the System for Award Management (SAM.gov) to receive federal funding. The prime awardee is required to file a FFATA subaward report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. The subrecipient information is loaded into Federal Funding Accountability and Transparency Act and monitored within SAM.gov (FSRS system retired as of March 8, 2025).

When the subaward amount is $30,000 or larger, the following information is obtained from the subrecipient to meet the FFATA requirements:

- Name of entity receiving award
- Amount and date of the award
- Funding agency
- Catalog of Federal Domestic Assistance (CFDA) number
- Program source
- Award title descriptive of the purpose of the funding action
- Location of the entity (including congressional district) of
- Place of performance (including congressional district) of
- Sam.gov registration

- Unique Entity identifier of the entity and its parent
- Total compensation and names of top five executives (same threshold for prime) if:
    - More than 80% of annual gross revenues from the federal government and those revenues are greater than $25 million annually
    - Compensation information is not available through reporting to the Securities and Exchange Commission

If a subaward is requested after a prime contract is executed and no FFATA information was obtained by the pre-award, this information must be obtained before the subaward will be executed.

The Business Services Office will review subrecipient invoices, identify and follow-up on questionable expenditures, if necessary, and maintain documentation of monitoring efforts. The Business Services Manager may provide further training and guidance in interpreting regulations and subrecipient award terms and conditions. Further, the Business Services Manager will ensure that the college's subrecipient monitoring policies and procedures comply with federal and other applicable regulations and are applied consistently.

Requirements

The responsible PI should determine the frequency and scope of monitoring procedures. The PI should use the following subrecipient monitoring procedures when appropriate:

- Before executing a sub-agreement, the Grant Services Director, in coordination with the PI, will conduct a risk assessment to determine the risk involved with the subrecipient. This process is documented as the "Minnesota North College Subrecipient Risk Analysis". A monitoring plan is developed based on the risk involved using the results of the assessment.
- The PI should review technical performance reports or other specified deliverables on a timely basis. Any unforeseen issues should be documented, investigated and addressed by the appropriate authority.
- The PI and/or designee should perform an expense to budget comparison for cost-reimbursement sub-agreements. The subrecipient's invoices must be itemized with the description that includes dates of travel, expense and the Time & Effort report documentation, as applicable.
- The PI and/or designee should review invoices regularly and document their review. Such documentation should include PI initials or authorizing signature on invoices.

- The PI and/or designee should request the subrecipient to provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. Examples of detailed justifications include:
    - Time & Effort reports
    - Copies of paid invoices showing itemized cost
    - Details of incurred travel charges stating the purpose of the travel
- The PI, at their discretion, may facilitate on-site/virtual visits to evaluate compliance with regulations and award terms. This evaluation may include a review of the project's objectives, and the appropriateness of the subrecipient's administrative systems, processes and charges.

Subaward Closeout

An integral part of the subaward monitoring is close out of the grant at the end of the project period. The Principal Investigator and Business Services Manager make a final determination if the subrecipient has fulfilled all its responsibilities under the agreement. The subaward is closed when all deliverables have been met and final payment has been made.

The PI, in collaboration with the Business Services Office, will begin closeout review at least sixty days prior to the conclusion of the subaward period of performance. This will allow time to make any budgetary actions or request extensions to the awarding agency.
Generally, subawards should be processed for closeout and formally closed within sixty days following the subaward end date. Depending on the prime award funding source, closeout may be required sooner.

The PI is responsible for obtaining technical/progress reports from the subrecipient. The Business Services Manager is responsible for obtaining any equipment reports, the final invoice, and the final financial report from the subrecipient. The Business Services Manager will coordinate with the Principal Investigator to verify the subrecipient has met all deliverables and that the final payment is okay to be released.