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Central  
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FEDERAL GRANTS MANAGEMENT UNITS AND OFFICES, GRANTS MANAGERS AND  
ANY OTHER RELATED PERSONNEL



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Director

**UNIVERSITY OF PUERTO RICO RISK MANAGEMENT PROCEDURES FOR  
FEDERAL GRANTS SUBAWARDS**

Certification No. 2 CFR Part 200 establishes the uniform administrative requirements, cost principles, and audit requirements for federal awards. These are to be fulfilled for financial management systems, procurement, reports and records, and grant closeouts for non-federal entities. The requirements also include responsibilities of federal awarding agencies and pass-through entities in awarding, monitoring, and closing out of grant awards.

Regarding risk monitoring of subawards, the 2 CFR 200, section 200.331 (6)(b) indicates the following need:

*“Evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraph (e) of this section, which may include consideration of such factors as...”*

Also, section 200.331(6)(e) of the Certification provides:

*“Depending upon the pass-through entity’s assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals...”*

In accordance, the Office of Research Compliance and Integrity, of the Vice Presidency for Research and Technology, has developed the enclosed procedures so as to comply with the mandated review and risk management concerning subawards of federal grants where the UPR is the prime recipient.

Please contact the Office of Research Compliance and Integrity for questions and further information about these procedures.

Regards.

sdr

Enclosures

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# Subrecipient Monitoring Guide

The University of Puerto Rico (UPR) is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of federal sponsor funds in accordance of the; 2 CFR Part 200 requirements. This guide is designed for subawards that are subject to federal and/or agency-specific regulations established by the federal prime sponsor.

The Office of Research Compliance and Integrity provides the following collection of documents to assist administrators at the responsible offices and central level with subrecipient monitoring. The use of these tools and scope of monitoring procedures should be determined by the PI and administrators based on the nature of the grant and the perceived risk associated with the subrecipient. All of the following forms represents a minimum requirement to handle risks associated with a subrecipient; however, additional monitoring efforts should always be implemented if there is any question about the subrecipient's ability to ensure proper use and financial management of sponsor funds during any stage of the award.

Information related to the recommended use of each form is found in the document's page header. The University of Puerto Rico Subrecipient Monitoring Guide includes the following documents, by award stages:

**I. Initial Award Stage Monitoring:**

- Subrecipient Profile Questionnaire
- Subrecipient Risk Assessment Evaluation Form
- Subrecipient Monitoring Plans

**II. Ongoing Monitoring:**

- Invoice Monitoring Guide
- Subrecipient Monitoring Record

**III. Subaward Closeout**

# Stages of Subrecipient Monitoring



## I. Initial Award Stage

The initial award stage includes proposal through award set-up. The goal of subrecipient monitoring efforts at this stage is to ensure that the subrecipient is capable of **compliantly spending the federal funds** and meeting the project goals.

**Compliantly performing a risk assessment:** A risk assessment should be performed to assess the potential risk level of a subrecipient. This step is especially helpful for subrecipients with whom the UPR has had no previous experience. A questionnaire relating to the organization's financial and management strength can be completed internally or by the subrecipient.

### Useful tools:

- Subrecipient Profile Questionnaire
- Subrecipient Risk Assessment Evaluation Form

**Developing a monitoring plan:** The results of the risk assessment should be used to determine the frequency and scope of subrecipient monitoring. The monitoring plan should include strategies to mitigate potential risks of non-compliance.

### Useful tools:

- Subrecipient Monitoring Plans

## II. Ongoing Monitoring

Ongoing monitoring includes activities undertaken to monitor the subrecipient's administration, billing and scientific progress as well as on-going risk assessments (i.e. review of annual audit findings).

**Communication with subrecipient:** Frequent communication between the PI, responsible offices staff and research administrators at UPR and the subrecipient institution is essential to ensure a compliant and successful collaboration. A letter and/or sample invoice that outlines UPR's business practices and expectations can be sent to the subrecipient with new awards.

**Invoices:** Attests that the charges appear reasonable and progress to date for the project. To ensure proper use of sponsor funds, the invoices must be monitored for completeness.

**Record of subrecipient monitoring efforts:** Best practice dictates documenting all efforts related to subrecipient monitoring, especially if there are issues such as late billing or communication difficulty.

### Useful tools:

- Invoice Monitoring Guide
- Subrecipient Monitoring Record

### **III. Subaward Closeout**

Award closeout includes activities related to ensuring that the work was performed and properly billed. At the end of the award, the responsible office had the responsibility to ensure that all documentation related to project performance and financial obligations are received. Subrecipient monitoring activities that should be performed at award closeout include verifying final invoice and reviewing all technical/financial reports to ensure that the subrecipient provided all project deliverables and met project obligations.



# Subrecipient Profile Questionnaire

**How to use:** The questionnaire is used to help determine a subrecipient organization’s financial and management strength, which helps assess risk and dictates the monitoring plan for subrecipients. The questionnaire can be completed by the subrecipient or by the UPR responsible office before an agreement is made with the subrecipient. Questions may be omitted or added to obtain information most useful for developing a monitoring plan.

**Fill out the information below, as appropriate or verify the information below and make corrections or additions as needed.**

### 1. Complete address and contact information:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip Code: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
URL: \_\_\_\_\_

### 2. Company Information:

Incorporated in: \_\_\_\_\_  
Incorporated Date: \_\_\_\_\_  
Number of Employees: \_\_\_\_\_  
EIN  
(Employee ID Number): \_\_\_\_\_  
DUNS Number: \_\_\_\_\_  
Register on PR GSA?\* \_\_\_\_\_ Yes \_\_\_\_\_ No

\*Puerto Rico General Service Administration

### 3. Type of organization (check one):

- |   |   |
|---|---|
| <input type="checkbox"/> Federal Government | <input type="checkbox"/> Higher Education Institution |
| <input type="checkbox"/> State Agencies     | <input type="checkbox"/> Non-Profit Organization      |
| <input type="checkbox"/> Municipalities     | <input type="checkbox"/> Corporation / Private        |
| <input type="checkbox"/> Foreign Government | <input type="checkbox"/> Foundation                   |

**5. Organization classification: (Select all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Community College    | <input type="checkbox"/> Large Business               |
| <input type="checkbox"/> Research Intensive   | <input type="checkbox"/> Small Business               |
| <input type="checkbox"/> Minority Institution | <input type="checkbox"/> Woman-Owned                  |
| <input type="checkbox"/> Tribal               | <input type="checkbox"/> Volunteer Organization       |
| <input type="checkbox"/> Veteran-Owned        | <input type="checkbox"/> Small Disadvantaged Business |
| <input type="checkbox"/> Other: _____         |   |

**4. Fiscal year (month and day):**

Month Day

Start on: \_\_\_\_\_ / \_\_\_\_\_

End on: \_\_\_\_\_ / \_\_\_\_\_

**6. Name of designated federal cognizant agency, if applicable:**

**7. Negotiated Federal Facilities and Administrative rate (Indirect Cost Rate):**

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

*If yes, please attach a copy of your current rate agreement or provide the URL. If not, please provide the documentation to substantiate the proposed rate (i.e., breakdown of rate components).*

**8. Required to comply with the 2 cfr 200, Subpart F-Audit Requirements:**

\_\_\_\_\_ Yes\* \_\_\_\_\_ No

\* If Yes, please provide a copy or link

Audit Contact Name and Title: \_\_\_\_\_

Auditee Name Filed Under: \_\_\_\_\_

*(exact legal name under which your audit report is filed in the Federal Audit Clearinghouse Internet site at <http://harvester.census.gov/sac/>)*

EIN (Employer ID Number) Filed Under: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

**NOTE: answer questions 9 - 13 only if answer to questions 7 or 8 is "No"**

**9. Have annual financial statements been audited by an independent audit firm? If yes, provide an electronic copy of the statements for the most current fiscal year.**

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

**10. Does the organization have a financial management system that provides records that can identify the source and application of funds for award-supported activities?**

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

**11. Does the financial system provide for the control and accountability of project funds, property, and other assets?**

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

**12. Do policies exist that address:**

Pay rates and Benefits?	[ ] Yes	[ ] No
Time and Effort?	[ ] Yes	[ ] No
Leave or absence?	[ ] Yes	[ ] No
Discrimination?	[ ] Yes	[ ] No
Conflicts of Interest in Research?	[ ] Yes	[ ] No
Travel?	[ ] Yes	[ ] No
Purchasing?	[ ] Yes	[ ] No

**13. Contact information:**

a. Contact for Fiscal Information:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Email: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

b. Contact for Scientific Information:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Email: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_



# Subrecipient Risk

## Assessment Evaluation Form

**How to use:** The Subrecipient Risk Assessment Evaluation Form is used by responsible offices to assess the level of risk posed by the subrecipient. If the UPR is issuing a subaward to an organization with whom the University has no previous relationship, it is advised to perform a risk assessment at the pre-award stage to determine if a monitoring plan is needed.

### **Subrecipient Risk Assessment Evaluation Form – Guidance Document**

The purpose of this document is to provide an overview of using the University of Puerto Rico Risk Assessment Evaluation Form and the intent behind some of the questions. The form focuses on federal and federal flow-through funds and should not be used for external funds other than that. It is a tool to assist a flow-through entity (PTE) with determining the risk of a subrecipient, and should not be recycled as a questionnaire to send to a subrecipient to complete.

The form is organized into four separate sections: Threshold Questions, Other Considerations, Institutional Questions, and Project Specific Questions.

The Institutional Questions and the Project Questions are scored independently.

### **Threshold Questions**

These questions are intended to quickly identify the highest risk candidates: debarred or suspended, lack of COI policy, and the existence or not of an established accounting system, and acceptable procurement system. “Yes” to answers 1 through 3, and “No” to answers 4 to 7 should prompt your institution to carefully evaluate its ability to issue and successfully manage a project with that subrecipient. If the subrecipient is identified as debarred or suspended, on the SAM system, and the UPR still need to make an agreement with this specific subrecipient, then it is required to obtain prior approval from the prime sponsor.

### **Other Considerations**

These questions are intended to assess risk that may or may not result in additional language in the subaward.

### **Institutional (Subrecipient) Questions (Scored)**

These questions focus on institutional characteristics of the subrecipient and are independently scored. For institutions that receive \$750,000 or more in federal funds, this institutional score should be static during the year, but may change after their single audit has been completed. For institutions under the \$750,000 threshold, this number may change during the year. Some of these questions are similar to those in other sections. For example, the question related to COI in this section is trying to evaluate the institution’s experience with COI, not just if they have a compliant policy (where compliant policy may depend on the sponsor/specific project).

### **Project Questions (Scored)**

These questions focus on the characteristics of the project and are independently scored. Again, some are similar to prior questions. For example, Question #6, on Project Specific Questions section, related to place of performance is trying to evaluate the risk of a project being awarded to a domestic



institution, but where the research may be performed in a foreign country, or where the work is being performed outside of their institution.

**Scoring Methodology**

A subaward with another UPR campus or unit should be considered as low risk. Also a subaward may be considered as low risk if it receives an institutional score of at most 9, a project score of at most 13, or a combination total of institutional and project score below 26. An institutional score over 9, a project score over 13, or total combined score equal or above 26 constitute a high risk subaward.



# Subrecipient Risk

## Assessment Evaluation Form

UPR Form Handling Information:		
Completed by:	Office	Date (mm/dd/yyyy)

Institution/Organization ("Subrecipient") Information:
Name: _____
UFIS Project Number: _____
Prime Sponsor: _____
Project Title: _____
CFDA Number: _____
DUNS: _____
FAC EIN: _____

I. Threshold Questions (not scored)
<b>SAM questions (If yes to 1, 2, or 3, consider alternative to initiating agreement)</b>
<p><b>1. Is the Subrecipient institution currently debarred or suspended?</b></p> <p>_____ Yes</p> <p>_____ No</p>
<p><b>2. Is the Subrecipient institution's PI presently debarred or suspended?</b></p> <p>_____ Yes</p> <p>_____ No</p>
<p><b>3. Does the Subrecipient indicate or display in SAM with "delinquent federal debt"?</b></p> <p>_____ Yes</p> <p>_____ No</p> <p><i>(If no to 4, 5, 6 or 7, consider alternative to initiating agreement)</i></p>
<p><b>4. If the sponsor requires a Conflict of Interest Policy, does the Subrecipient have a compliant policy in place?</b></p> <p>_____ Yes</p> <p>_____ No</p>
<p><b>5. Does the Subrecipient have an acceptable accounting system?</b></p> <p>_____ Yes</p> <p>_____ No</p>

6. Does the Subrecipient have an acceptable procurement system?

Yes

No

7. If required, has the Subrecipient completed an audit under A-133 or the Uniform Guidance for the most recent fiscal year?

Yes

No

## II. Other Considerations (Use this section to enhance risk management plan)

1. Does the project include work covered by ITAR or EAR (at Subrecipient, or Subrecipient accessing ITAR/EAR work done at Prime Institution)?

Yes

No

2. Is there a potential or identified conflict of interest? (If yes, include mitigation plan and supporting documentation)

Yes

No

3. Is cost-share required or included?

Yes

No

4. Is participant support included in the Subrecipient's budget?

Yes

No

5. Does the Subrecipient have adequate experience receiving same or similar federal awards?

Yes

No

## III. Institutional Questions

	Score
<b>1. Is the Subrecipient institution foreign or domestic?</b>	
a. Subrecipient is a U.S. based institution	0
b. Subrecipient is a foreign location with stable government and financial systems	3
c. Subrecipient is a foreign location with unstable government or financial systems	6
d. Subrecipient is in a restricted foreign location	9
<b>2. What is the Subrecipient Organization type?</b>	
a. University	0
b. Other non-profit	4
c. Industry	6

<b>3. Does the Subrecipient have a Negotiated (F&amp;A) Indirect Cost Rate Agreement?</b>	
<input type="checkbox"/> Yes	0
<input type="checkbox"/> No	3
<b>4. Were the results of the most recent audit under A-133/the Uniform Guidance (or similar)</b>	
a. Yes, audit is clean (no findings) or no relevant findings	0
b. A-133/UG audit has findings but no significant deficiencies or material weaknesses	1
c. A-133/UG audit has qualified or adverse opinions.	4
d. No A-133/UG audit, but has alternative recurring annual audit with no relevant findings	1
e. No A-133/UG audit, but successfully completed an audit or major review by a federal agency	2
f. No A-133/UG audit, but has alternative recurring annual audit with relevant findings	6
g. No audit	6
<b>5. Is the Subrecipient Institution mature?</b>	
a. Subrecipient experience 10+ years	0
b. Subrecipient experience 5-9 years	2
c. Subrecipient experience 1-4 years	4
d. Subrecipient is start-up (less than 1 year)	6
<b>6. Does the Subrecipient Institution have experience with determining conflicts of interest (evidence of an acceptable Conflict of Interest Policy)?</b>	
<input type="checkbox"/> Yes	0
<input type="checkbox"/> No	6
<b>Institutional subtotal</b>	
<b>IV. Project Specific Questions</b>	
<b>1. What is the Prime Award type?</b>	
a. Grant	0
b. Contract	6
<b>2. Amount of Outgoing Funds?</b>	
a. Outgoing Funds > \$650,000	3
b. Outgoing Funds \$150,000 – \$649,999	2
c. Outgoing Funds \$25,000 - \$149,999	1
d. Outgoing Funds \$1 - \$24,999	0

<b>3. What is the percentage of the Prime Award being subcontracted (specific to this Subrecipient-not total)?</b>	
a. 0-24%	0
b. 25-49%	3
c. 50% +	9
<b>4. Does the work include Human Subjects, Animal Subjects or Embryonic stem cells?</b>	
a. No	0
b. Human or Animal Subjects approved by Subrecipient IRB or IACUC	1
c. Embryonic stem cells	4
d. Sponsor must approve	6
e. Subrecipient using Prime Recipient's IRB or IACUC	9
<b>5. Scope of Work/Deliverables</b>	
a. The Subrecipient will only submit progress reports	0
b. The Subrecipient is responsible for tangible products	1
c. The UPR's PI's work is dependent upon Subrecipient's work	3
d. The UPR's work is dependent upon Subrecipient's work and continuation funding for UPR's is tied to performance.	6
<b>6. Where is the Place of Performance?</b>	
a. All work will be performed at the Subrecipient's Institution	0
b. Some work will be performed at the PTE's Institution	4
c. All work will be performed at the PTE's Institution	6
	<b>Project subtotal</b> _____
	<b>Grand total (Institutional + Project subtotals)</b> _____



# Invoice Monitoring Guide

**How to use:** This guide is a list of 10 questions for responsible offices to consider when monitoring invoices for completeness and compliance with UPR’s policies.

**NOTE:** Using the guidance provided in the Subrecipient Risk Assessment Evaluation Form, determine which monitoring plan to follow for each subrecipient.

## Subrecipient Monitoring Plans

**How to use:** The monitoring plans give suggested examples of subrecipient monitoring plans for responsible offices to implement based on a subrecipient’s perceived riskiness. The Risk Assessment Matrix is used in tandem to help determine the potential riskiness of an organization. If the risk assessment reveals a high potential for financial risk, the responsible office should develop a proposed risk mitigation strategy where the frequency and monitoring strategies are based upon the specific organization and the nature of the scope of work to be completed by the subrecipient.



1. Review audit reports through the Federal Clearinghouse
2. If findings exist in the subrecipient’s audit report, determine how material they are and the risk(s) involved (operational, financial or compliance risks)
3. Review invoices frequently to ensure:
  - Timeliness, completeness and accuracy
  - Science is in line with spending
  - PI approval states “okay to pay”
4. Work is performed within the period of performance
5. Compliance with special terms (if applicable)



- Review all steps in the “Lower Risk” category in addition to the following:**
1. Exercise your right to audit or consider performing a site visit or desk review
  2. Request supporting detail for all financial invoices and expenses
  3. Request and review financial reports more frequently
  4. Request regular contact and communication with the PI
  5. Document conversations and retain pertinent emails
  6. Withhold payments if necessary
  7. Elevate potential risks to the Office of Compliance Research and Integrity for review and discussion.



# Guide for review of subaward invoices

Are the expenses allowable per the subaward and the prime award? Remember the prime award requirements and budget restrictions flow down to the sub-recipient.
Are the invoiced expenses included in the subaward budget? The subrecipient should only invoice for approved expenses per the subaward or ask for approval of budget changes when necessary to modify the original terms/budget.
Are the expenses in the agreement consistent with the programmatic plan or work completed to date? The expenses invoiced should agree with the work incurred.
Did the PI sign the invoice approving it for payment?
Were all the expenses incurred within the subaward start and end dates? Ensure that the dates on the invoice are within the subaward dates.
Are the cumulative expenses within the overall approved budget amount? Ensure that subrecipients are <b>not</b> invoicing for amounts <b>over</b> the approved budget.
Are the invoice expenses per budget category in agreement with the budgeted amount per line item category?
Do expenses appear to be based on actual expenses? Cost reimbursable subcontracts require invoicing <b>based on actual expenses only</b> .
Is the invoice total correct?
Are the Facilities & Administration (F&A) costs calculated correctly with the correct and agreed upon rate for the subrecipient? Ensure the calculated F&A agrees with the methodology in the budget and only includes Modified Total Direct Cost (MTDC) base expenses that can accrue F&A.
Is the invoice signed by an <b>authorized institutional official</b> ?

**REMEMBER:** Most invoices do not include a large amount of detail. Ask the sub recipient for back-up documentation on specific budget line items if something does not appear correct. Verify that charged expenses are in accordance to the subrecipient agreement. **IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED.**



# Subrecipient Monitoring Record

How to use: The Subrecipient Monitoring Record is used by responsible offices to document subrecipient monitoring efforts and maintain an audit trail. Use of the tracking record is encouraged at all risk levels but is strongly encouraged for high risk subrecipients.

Form for responsible offices to maintain a record of subrecipient monitoring actions

**1. University of Puerto Rico**

PI Name:

UFIS Project#

Subcontract #:

**2. Subrecipient**

Subrecipient Institution:

Subrecipient PI:

Subrecipient Contact:

**3. Sub-Award Period of Performance:**

From:

To:

**4. Project Invoicing Frequency:**

Monthly

Quarterly

**5. Name and position of the person of the UPR responsible for overseeing this record:**

Name:

Position:

**6. Scheduled Reporting Dates (based on the terms of the grant award)**

Date (mm/dd/yyyy)	Comments	Actual Date* (mm/dd/yyyy)

\*dates entered as each report is submitted





**University of Puerto Rico**

# Subrecipient Monitoring Contact Information



## **Office of Research Compliance and Integrity**

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