

UNITED STATES FEDERAL AWARDS SUBRECIPIENT RISK ASSESSMENT & MONITORING PROCEDURE

SCOPE

This procedure applies to all United States Federal Awards received by Monash University under the US Federal Research Program.

PROCEDURE STATEMENT

This procedure outlines Monash University's (the University) approach to the risk assessment and monitoring of subrecipients in accordance with the US Code of Federal Regulation, including the responsibilities of the subrecipient and Principal Investigator (Primary Chief Investigator), to facilitate compliance with the US Federal Research Program requirements.

As a pass-through (Prime) entity of United States (US) Federal Awards, the University is required to evaluate the subrecipient's risk of non-compliance with US Federal statutes and regulations and the subaward terms and conditions to determine the required monitoring of the subrecipient.

The subrecipient and Principal Investigator must adhere to the requirements set out in this Procedure for the completion of the risk assessment and subsequent monitoring undertaken by the University.

1. United States federal awards

- 1.1 All United States (US) Federal Awards must be accepted by the Senior Vice-Provost Research or delegate, the Director, Monash Research Office, as the University's signing official. Further information is outlined on the [University's Research and Consultancy webpage](#).
- 1.2 All US Federal Awards granted under the US Federal Research Program must adhere to the terms and conditions of the award under the US Code of Regulation and the US Office of Management and Budget's Uniform Administrative Requirements, Cost Principles and Audit Requirements (Uniform Guidance).
- 1.3 Where the University accepts an award or grant funded by a US Federal Agency as the prime institution and provides a subaward to a subrecipient, the University is responsible for the initial evaluation and ongoing monitoring of the subrecipients in accordance with the Uniform Guidance as a condition of accepting the award or grant.
- 1.4 A subaward must be identified by the Monash Research Office (MRO) and distinguished from a contract arrangement, as the level of monitoring and management required for expenditure under a contractual agreement will vary.
- 1.5 Where the University is a subrecipient of a US Federal Award, the terms and conditions of the external pass-through entity will apply.

Subawards and contractual arrangements

- 1.6 The University may engage with an entity and/or an individual under a subaward arrangement or contractual agreement with funding from the US Federal Research Program. The MRO is responsible for identifying and distinguishing a subaward from a contract, as set out at 1.7 below, to inform the level of monitoring and management required for expenditure.
- 1.7 In determining whether a subaward or contractual relationship has been created, the following characteristics under the Uniform Guidance may be considered:
 - 1.7.1 A subaward agreement:
 - includes the name of the institution/organisation in the funding application and agreement;
 - requires that work be performed to meet research project objectives;
 - gives the research team decision making powers within the project;
 - entitles key researchers to be named in any resulting publication(s); and
 - requires ongoing contribution to research reports.
 - 1.7.2 A contract:
 - provides for specified goods and/or services for an agreed amount;

- provides a range of goods and/or services as part of their normal business operations; and
 - provides that the goods and/or services are ancillary to the overall project performance.
- 1.8 Where a subaward arrangement is identified, the subrecipient must comply with the University's subrecipient risk assessment and monitoring requirements as set out in this procedure.
- 1.9 All contractual agreements entered into by or on behalf of the University must also comply with the University's Procurement Policy and Procedure.

2. Risk assessment and monitoring requirements

- 2.1 The University evaluates the risk of non-compliance in accordance with US Federal statutes, regulations and the conditions of the subaward to determine the appropriate monitoring of the subrecipient.
- 2.2 The University will undertake monitoring of the subrecipient to ensure the subaward is:
- used for authorised purposes;
 - complies with all US Federal Statutes and Regulations, and the terms and conditions of the subaward; and
 - the subaward performance goals are achieved.
- 2.3 Research and Revenue Accounting Services (R&R) and the MRO are responsible for undertaking the risk assessment to mitigate the risk of non-compliance and establishing the appropriate monitoring.
- 2.4 As set out in the Uniform Guidance, when undertaking the risk assessment, R&R and the MRO may consider the following:
- the subrecipient's prior experience with the same or similar subawards;
 - the result of previous audits;
 - if the subrecipient has new personnel who may be unfamiliar with the requirements;
 - the impact of new or substantially changed systems;
 - any monitoring by a US Federal awarding agency (for example, if the subrecipient also received Federal Awards directly from a Federal Awarding agency).
- 2.5 R&R will determine the level of risk to inform the University's approach to subrecipient risk monitoring based on the responses provided by the subrecipient in the risk assessment.

Subrecipient monitoring

- 2.6 The MRO and R&R will determine if the subrecipient's risk of non-compliance is low or high.

Low risk:

- 2.7 A subrecipient will be categorised as low risk if :
- have a current Uniform Guidance audit with no findings; and/or,
 - complete a Financial Status questionnaire with no adverse responses (if an audit is not required).
- 2.8 A subrecipient that is deemed to be low risk will not require any special monitoring actions to be undertaken by the University. The subrecipient will be monitored through the annual monitoring process and financial statements provided with invoices as required by the subaward agreement.

High Risk:

- 2.9 A subrecipient will be categorised as high risk if:
- a Uniform Compliance audit has been completed with findings;
 - no Uniform compliance audit has been performed when required; and/or
 - a Financial Status questionnaire is completed with adverse responses.
- 2.10 For all subrecipients deemed to be high-risk, the University will undertake monitoring as follows:
- 2.10.1 The University will consult with the Principal Investigator, the MRO and R&R to determine if the subaward will be issued/continue, or will be continued with specific terms and conditions imposed as required by the Uniform Guidance.
- 2.10.2 Under the Uniform Guidance, these additional specific terms and conditions may include:
- more frequent and detailed reporting, with additional documentation requested;
 - shorter periods of performance to meet performance goals;
 - requiring evidence of acceptable performance, prior to permitting progress to the next phase ; and
 - requesting that the subrecipient receive technical or financial management assistance.

- 2.10.3 In some instances, where practical, the University's Principal Investigator or delegate may conduct a site visit to the subrecipient office to ensure subrecipient compliance.
- 2.10.4 Where a previous subrecipient audit has been completed with findings, and an acceptable corrective action plan to remedy adverse findings, the University may accept this as acceptable risk management.
- 2.10.4.1 The University may request reporting from the subrecipient at an interval more frequent than annually to monitor implementation of the corrective action plan.
- 2.10.5 Any additional specific terms and conditions will be included in the subaward agreement and must be adhered to.
- 2.11 If specific terms and conditions cannot sufficiently mitigate the risks, the subrecipient is not compliant to the specific terms and conditions, or the subrecipient does not act to remedy adverse findings, R&R in consultation with the Principal Chief Investigator and MRO, may recommend not to proceed with the subaward.

3. Documentation and submission requirements

At the commencement of the subaward

At the commencement of a subaward, the MRO will provide the subrecipient the risk assessment documentation for completion, including:

- subrecipient information and compliance form;
- financial status questionnaire; and/or
- declaration of significant financial interest.

Annual risk monitoring

- 3.1 In October of each fiscal year, the subrecipient must complete the subrecipient annual monitoring request or Audit Certification. Where the University determines that no audit is required, the subrecipient must then complete a financial Status Questionnaire, or, where the subrecipient does not elect to use Monash University's Conflict of Interest Procedure, a declaration of Significant Financial Interests.
- 3.2 The completed documents must be signed by the authorised representative of the subrecipient entity.
- 3.3 If it is anticipated that the subrecipient's expenditure of US Federal awards during the fiscal year will equal or exceed the prescribed Audit Requirement threshold, the University will verify that the subrecipients are audited in accordance with the Uniform Guidance audit requirements.
- 3.4 Where the subrecipient has been identified as engaging in non-compliant activity, the University may consider taking enforcement action as set out in the Uniform Guidance and in the subaward agreement .
- 3.5 Where a change in applicable US Federal Statutes and/or Regulations has implications for the monitoring of a subaward, the subrecipient may be requested to complete and resubmit an updated subrecipient annual monitoring request. MRO and R&R may also consider if an amendment to the subaward is required

4. Recordkeeping

- 4.1 R&R and the MRO will ensure that all completed documentation received from subrecipients is recorded in the University's Research Management System.
- 4.2 R&R and MRO will ensure all locally shared information and documentation is maintained in accordance with the [University's Data Protection and Privacy Procedure], and the [University's Recordkeeping Policy].

5. Roles and responsibilities

Principal Investigator

- 5.1 The University's Principal Investigator is responsible for engaging with the subrecipient to ensure that the subaward is used for authorised purposes, as set out in the terms of the federal award.

MRO

- 5.2 MRO is responsible for:
 - the identification of all subaward and subrecipient arrangements;
 - documenting the subaward agreement and communicating the initial and subsequent subaward monitoring forms;
 - recording all required information and completed documentation in the University's Research Management System, PURE, and circulating to R&R; and,

- communicating any adverse finding with the subrecipient and Principal (Chief) Investigator.

Research and Revenue Accounting

5.3 Research and Revenue Accounting Services is responsible for:

- the assessment and determination of the level of subrecipient risk in accordance with the subrecipient monitoring set out at 2.6 to 2.10 above;
- determining specific terms and conditions required to effectively manage risks; and
- mitigating the risk of non-compliance in collaboration with the MRO.

DEFINITIONS

Contractor	An organisation deemed to hold a contract with Monash University within the scope of current Monash procurement policies.
Pass-through entity	Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
Principal investigator (Primary Chief Investigator)	The individual designated by the Monash to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award. Typically for US funding, this role is known as the Principal Investigator, but within Monash, is alternatively referred to as the Primary Chief Investigator
Subaward	An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
Subrecipient	A non-Federal entity, for example, another University or commercial entity, that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual who is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency
Uniform Guidance	The overarching set of rules and requirements for the management of Federal awards
US Federal Awards	Depending on context, US federal awards encompass the following: <ul style="list-style-type: none"> • the Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity; • the cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity.

GOVERNANCE

Parent policy	Responsible Conduct of Research Policy
Supporting schedules	
Associated procedures	Responsible Conduct of Research: Procedure for Investigating Code Breaches Export Controls and Sanctions Procedure (<i>forthcoming</i>)
Related legislation	United States Code of Regulation Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
Category	Academic



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