

Adopted: _____
Revised: _____

721.1 SUBRECIPIENT POLICY

I. PURPOSE

The purpose of this policy is to ensure compliance with the making of sub-awards of federal funds to other organizations. All sub-awards in excess of \$5,000 shall be subject to the same procurement procedures as described in the Procurement Policy.

Southern Minnesota Education Consortium (SMEC) is required by federal regulation to monitor federal program funds awarded to SMEC that are subcontracted or sub-awarded to any of its member school districts, or any funds that are sub-contracted to another organization, institution, or individual (sub-recipient). To provide the monitoring required by federal regulations and to ensure good stewardship of sponsored projects, SMEC will review all sub-recipient expenditures for reasonableness and proper compliance.

For sub-awards that include any federal fund, sub-recipients are required to make an annual disclosure of any audit findings. As a recipient of federal sponsored program funds, SMEC must comply with the guidelines outlined in OMB Circular A-133.

II. ELEMENTS OF SUB-AWARD

SMEC will ensure that every sub-award is clearly identified to the sub-recipient as a sub-award and include the following information at the time of the sub-award and if any of these data elements change, include the changes in subsequent sub-award modifications.

1. Sub-award agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
 - a. Subrecipient name (which must match registered name in DUNS);
 - b. Subrecipient's DUNS number;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date;
 - e. Sub-award Period of Performance Start and End Date;
 - f. Amount of federal funds obligated by this action;
 - g. Total amount of federal funds obligated to the subrecipient;
 - h. Total amount of the federal award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding agency, pass-through entity and contact information for awarding official;
 - k. CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - l. Identification of whether the award is R&D; and
 - m. Indirect cost rate for the Federal award (including if the de minimis

rate is charged)

III. MONITORING OF SUBRECIPIENTS

When SMEC utilized Federal funds to make sub-awards to subrecipients, SMEC is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved. In fulfillment of its obligation to monitor subrecipients, the following policies apply to all sub-awards of Federal funds made by SMEC to subrecipients:

1. SMEC will review programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
2. SMEC will follow up with all subrecipients to determine whether all required audits have been completed.
3. Ongoing monitoring of subrecipients by SMEC will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. SMEC will evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for the purpose of determining the appropriate subrecipient monitoring.
4. Documentation shall be maintained in support of all efforts associated with SMEC's monitoring of subrecipients.

IV. SCOPE

This policy applies to all sub-awards issued with payments from any federal funds of state funds awarded to SMEC without regard to the primary source of funding. The following are the objectives of implementing this policy:

1. Manages or eliminated any conflict of interest that arises from a sub-award of sub-contract by SMEC to an entity in which the district, Executive Director, business manager, or key personnel have a financial interest.
2. Advises subrecipients of federal laws or regulations, terms and conditions of the prime award of agreement, and SMEC requirements that apply to the sub-award or sub-contract. The SMEC Board of Directors approves all sub-awards.
3. Provides subrecipients with information regarding the prime award, title, award name and number, award dates, and sponsoring agency, as required by OMB Circular A-133.
4. Monitors costs and activities of subrecipients to ensure that expenditures charged to SMEC are reasonable and reflected in the scope of work of the sub-award or sub-contract. Ensures that the performance goals set forth in the scope of work are being met in a timely manner.
5. Ensures that cost-share commitments made by subrecipients are documented and adhere to all relevant regulation.
6. May conduct a risk assessment of all active sub-contracts or sub-awards to

determine which subrecipients require closer scrutiny.

7. Ensures that subrecipients expending \$500,000 or more in federal awards during the subrecipients fiscal year have met the OMB Circular A-133 audit requirements for that fiscal year.
8. Issues management decisions on audit findings within six months after receipt of the subrecipient's audit report and ensures that the subrecipients takes appropriate and timely corrective actions.
9. Considers whether subrecipients audits necessitate adjustment of records, such as budget modifications or re-allocation of cost-shared resources.

V. ROLES AND RESPONSIBILITIES

All subrecipients receive a copy of the sub-award policy.

SMEC Business Manager

- Ensures that sub-contract/sub-award paperwork is reviewed and approved by auditors and MDE.
- Logs all expenditures/invoices on the sub-contract/sub-award.
- Ensures that appropriate back-up documentation for expenditures has been provided by subrecipient.
- Checks Excluded Parties List System to ensure that subrecipient is not on debarred list.
- Generates payment to the subrecipient for the approved amount.
- Routes the invoice for approval and payment.

SMEC Executive Director

- Reviews budget and scope of work before agreement is signed.
- Reviews invoices submitted by the subrecipient to ensure that costs are reasonable and within award limits.
- Reviews and approves invoices and expenses-to-budget.
- Ensures that cost-share commitments (if any) are documented in the invoicing process.
- Answers questions regarding subrecipient invoices.
- Completes a Quality Assurance review and co-signs assurances form.
- The Executive Director has primary oversight responsibility for ensuring that subrecipients disclose any audit findings pertaining to the sub-award.
- Determines the level of oversight needed on each project. Performs or directs periodic audits or site visits as deemed necessary.
- Ensures that expenses invoiced by the subrecipient for work and effort committed are appropriate to the approved budget and scope of work of the agreement.
- Reviews technical or performance reports if required by sub-award.
- Ensures that any award requirements (reports financial or programmatic) are submitted to SMEC in a timely manner.
- Reviews A-133 audit reports filed by subrecipients and any audit findings. Reviews corrective actions cited by subrecipients in response to audit findings,

and determines sanctions imposed on subrecipients who are unable or unwilling to conduct required audits or address issues of non-compliance.

- Legal References:**
- 2 C.F.R. § 200.12 (Capital Assets)
 - 2 C.F.R. § 200.112 (Conflict of Interest)
 - 2 C.F.R. § 200.113 (Mandatory Disclosures)
 - 2 C.F.R. § 200.205(d) (Federal Awarding Agency Review of Risk Posed by Applicants)
 - 2 C.F.R. § 200.212 (Suspension and Debarment)
 - 2 C.F.R. § 200.300(b) (Statutory and National Policy Requirements)
 - 2 C.F.R. § 200.302 (Financial Management)
 - 2 C.F.R. § 200.303 (Internal Controls)
 - 2 C.F.R. § 200.305(b)(1) (Payment)
 - 2 C.F.R. § 200.310 (Insurance Coverage)
 - 2 C.F.R. § 200.311 (Real Property)
 - 2 C.F.R. § 200.313(d) (Equipment)
 - 2 C.F.R. § 200.314 (Supplies)
 - 2 C.F.R. § 200.315 (Intangible Property)
 - 2 C.F.R. § 200.318 (General Procurement Standards)
 - 2 C.F.R. § 200.319(c) (Competition)
 - 2 C.F.R. § 200.320 (Methods of Procurement to be Followed)
 - 2 C.F.R. § 200.321 (Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms)
 - 2 C.F.R. § 200.328 (Monitoring and Reporting Program Performance)
 - 2 C.F.R. § 200.338 (Remedies for Noncompliance)
 - 2 C.F.R. § 200.403(c) (Factors Affecting Allowability of Costs)
 - 2 C.F.R. § 200.430 (Compensation – Personal Services)
 - 2 C.F.R. § 200.431 (Compensation – Fringe Benefits)
 - 2 C.F.R. § 200.447 (Insurance and Indemnification)
 - 2 C.F.R. § 200.463 (Recruiting Costs)
 - 2 C.F.R. § 200.464 (Relocation Costs of Employees)
 - 2 C.F.R. § 200.473 (Transportation Costs)
 - 2 C.F.R. § 200.474 (Travel Costs)

- Cross References:**
- MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)
 - MSBA/MASA Model Policy 210 (Conflict of Interest – School Board Members)
 - MSBA/MASA Model Policy 210.1 (Conflict of Interest – Charter School Board Members)
 - MSBA/MASA Model Policy 412 (Expense Reimbursement)
 - MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)
 - MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
 - MSBA/MASA Model Policy 702 (Accounting)

MSBA/MASA Model Policy 703 (Annual Audit)
MSBA/MASA Model Policy 721 (Uniform Grant Guidance Policy
Regarding Federal Revenue Sources)

Related Documents: OMB Circular A-21, “*Cost Principles for Educational Institutions*”
OMB Circular A-110, “*Uniform Administrative Requirements for Grants
and Agreements with Higher Education, Hospitals, and Other Non-Profit
Organizations*”
OMB Circular A-133, “*Audits of States, Local Governments, and Non-
Profit Organizations*”