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Subrecipient Monitoring

State of Maine – September 28, 2026

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Presenter

Shana Doiron, CPA
Engagement Director

Shana has over 19 years of auditing experience. She specializes in governmental auditing with an emphasis on state and local governments. She has extensive experience with the standards required by the federal single audit.

Learning Objectives

At the end of this session, you will be able to:

- Define “subrecipient” and “subrecipient monitoring”
- Identify the activities undertaken to review the financial status and management controls of a subrecipient
- Identify how to mitigate the risk of contracting with a subrecipient organization

Definitions

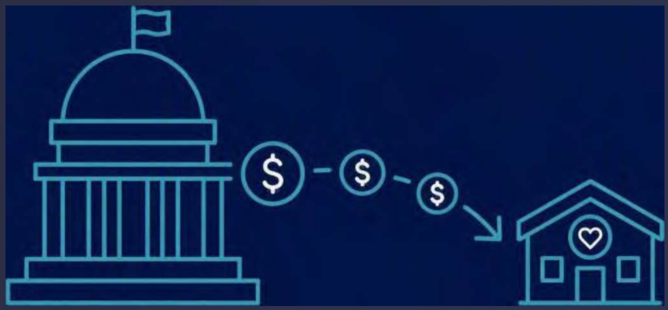
Recipient: A non-federal entity that receives a federal award directly from the federal awarding agency to carry out an activity under a federal program.

Subrecipient: A non-federal entity that receives a subaward for the purpose of carrying out part of a federal award. The subaward creates a federal assistance relationship with the subrecipient.

Contractor: A non-federal entity that receives a contract for the purpose of providing good and services for the awarding non-federal entity's own use. The contract creates a procurement relationship with the contractor.

Subrecipient & Contractor Determinations 200.331

Subrecipient: determines eligibility, has performance measured in relation to objectives of program, has responsibility for programmatic decision making; and uses the Federal funds to carry out a program for a public purpose



Subaward is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship

Subrecipient & Contractor Determinations 200.331

Contractor: provides the goods and services normally, provides similar goods or services to many different purchasers; provides goods or services for the benefit of the pass-through entity

Contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship

Subrecipient/Contractor Determination

- All characteristics need not be present
- Judgment should be used in the determination process
- Substance of the agreement is more important than the form
- Clear distinctions and coding is essential to stay compliant

Subaward Agreement Requirements

Subaward Agreement 2 CFR § 200.332 (a)

A subaward must contain specific information as outlined in the Uniform Guidance

Federal Award Identification § 200.332 (a)(1)

- Subrecipient name and unique entity identifier (UEI)
- Federal Award Identification Number (FAIN)
- Federal Award Date of award to the recipient by the Federal agency
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this action by the pass-through entity
- Total Amount of Federal Funds Obligated by the pass-through entity including the current obligation
- Total Amount of the Federal Award committed by the pass-through entity

Federal Award Identification, continued

- Federal award project description (FFATA)
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity
- Assistance Listing Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listing number at time of disbursement
- Identification of whether the award is R&D
- Indirect cost rate for the Federal award

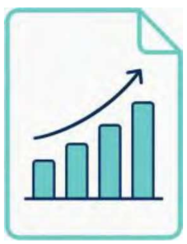
Terms and Conditions § 200.332 (b)(2)

Subaward Agreement must include requirements so that federal award is used in accordance with terms and conditions of original federal award (SAM.gov)

This includes (but is not limited to), statutory and national policies

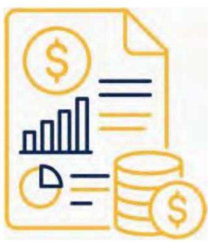
Description of Reports § 200.332 (b)(3)

Subaward must include:



Performance reports

A description of the required performance reports



Financial reports

A description of the required financial reports

When they are due

The due date or schedule for each required report

Description of Reports – Financial Reports Example

1. Federal Financial Report (SF-425) – (final report only)
   a. A final comprehensive Federal Financial Report must be submitted, within 90 days after award expiration. The report shall cover the entire project period from the start date through the end date of the original award, or approved extended end date of the award, and must include the cumulative total of indirect costs charged to the award.
2. Federal Financial Report (SF-425) – Due semi-annually; reported under the — "Federal Cash" line of the report.
   a. The SF-425 shall be submitted on a semi-annual basis. If the non-Federal entity is reporting on more than one NOAA grant and/or agreement, then the SF-425 attachment must be used.
   b. Interim semi-annual Federal Financial Reports (SF-425) are due no later than 30 days after the semi-annual reporting periods ending March 31 and September 30 for the entire project period of the award.
   c. A final Federal Financial Report (SF-425) is due within 90 days after award expiration. The report shall cover the last semi-annual reporting period ending on September 30 or March 31, or a portion thereof, based on the end date or approved extended end date of the award.
   d. The SF-425 is due for the non-Federal entity using ASAP for payment. If converting to ASAP during the course of the Award, the SF-425 forms will be due as described above starting with the ASAP conversion date.

Description of Reports – Performance Reports Example

B. Performance Reports

Performance Progress Reports, required by 2 C.F.R. § 200.327–328 and Department of Commerce Financial Assistance Standard Terms and Conditions, are to be completed in NOAA's Grants Online System. The Grants Online System will notify your organization through email when your reports are available for completion and submission through NOAA Grants Online. Non-Federal entities are responsible for ensuring all personnel listed on an award have a current email address. The status of reports can be seen under Associated Documents under the Grant File.

Frequency: Performance reports are due on a semi-annual basis, unless otherwise specified in a specific condition, no later than 30 days following the end of each six (6) month period from the start date of the original award. The last semi-annual performance report is required. The final report, which summarizes activities conducted during the entire award must be submitted within 90 days following the end date of the project.

Indirect Cost Rate § 200.332 (b)(4)

(i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government.

(ii) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a federally approved rate.

Indirect Cost Rate § 200.332 (b)(4)

- If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
  - A. The negotiated indirect cost rate between the pass-through entity and the subrecipient; which can be based on a prior negotiated rate between a different PTE and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate, but may elect to do so;
  - B. The de minimis indirect cost rate.

Indirect Cost Rate § 200.332 (b)(4)

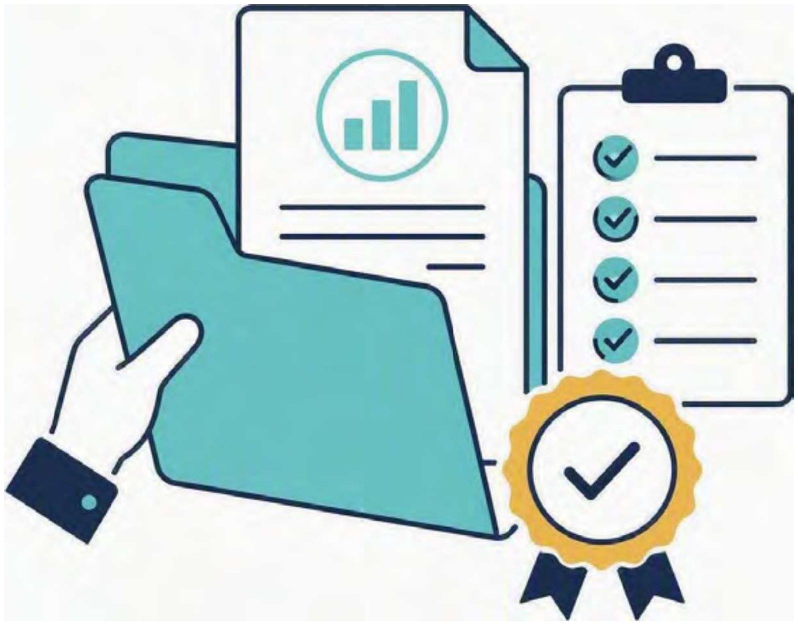
(ii) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a federally approved rate.

2 CFR 200.414 – Indirect costs

UG raised the de minimis rate non-federal entities can use for indirect costs from 10% to 15% allowing for a more reasonable and realistic recovery of indirect costs.

Access to Records § 200.332 (b)(5)

A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary



Closeout Terms and Conditions § 200.332 (b)(6)

Subaward agreement must include appropriate terms and conditions concerning closeout of the subaward

Closeout Terms and Conditions § 200.344

The pass-through entity will close out the federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity.

If the non-federal entity fails to complete the requirements, the pass-through entity will proceed to close out the Federal award with the information available.

This section specifies the actions the non-federal entity and federal awarding agency or pass-through entity must take to complete this process at the end of the period of performance.

Closeout Terms and Conditions § 200.344

Due no later than 90 calendar days after the end of the period of performance

Or an earlier date agreed upon by the pass-through entity and subrecipient.

Financial reports

Final expenditures and financial position

Performance reports

Progress against approved objectives

Other reports

Any additional reports the award requires

All reports must be as required by the terms and conditions of the Federal award. The pass-through entity may approve extensions when requested and justified by the non-Federal entity.

Risk Assessment of Subrecipients

Subrecipient Risk Assessment § 200.332 (c)

Pass-through entities must 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

Subrecipient Risk Assessment § 200.332 (c)

Consideration of such factors as:

Prior experience

Prior experience with the same or similar subawards

Previous audits

Results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program

Personnel and systems

New personnel or new or substantially changed systems

Agency monitoring

Extent and results of Federal awarding agency monitoring (e.g. if the subrecipient also receives Federal awards directly from a Federal awarding agency)

Subrecipient Risk Assessment

Risk assessment should be documented.

Subrecipient Risk Assessment

CLIENT NAME
Risk Assessment of
Subrecipient: SUB NAME

Risk Assesment Matrix

Risk Criteria	**Low**	**Medium**	**High**	**Score**
1) Dollar Value of Sub-Award	≤ $5,000	$500,000 to $1M	>$1,000,000	
Rating: 1=Low, 2=Medium, 3=High				
2) % of total sub-awards	< 5%	5% to 10%	>10%	
Rating: 1=Low, 2=Medium, 3=High				
3) Program Complexity	Minimal Complexity	Average Complexity	Significant Complexity	
Rating: 1=Low, 2=Medium, 3=High				
4) Results from Self-Assessment	Good to Excellent	Average	Poor	
Rating: 1=Low, 2=Medium, 3=High				
5) Fixed price vs. cost reimbursable	Fixed Price Contract	n/a	Cost Reimbursement Contract	
Rating: 1=Low, 2=Medium, 3=High				
6) Experience w/ subrecipient	Good experience w/subrecipient	Existing subrecipeints: new personnel or new systems	New subrecipient	
Rating: 1=Low, 2=Medium, 3=High				
7) Evidence of trained personnel & compliance program	Trained personnel & compliance program	Either trained personnel or compliance program, not both	Neither trained personnel nor compliance program	
Rating: 1=Low, 2=Medium, 3=High				
8) Cooperates w/ timely responses	Provides info timely	Provides info, not timely	Does not provide info	
Rating: 1=Low, 2=Medium, 3=High				

Subrecipient Risk Assessment

26	9) Single Audit or agreed upon procedure	No findings	Major Findings	Significant findings, or no audit	
27	Rating: 1=Low, 2=Medium, 3=High				
28	10) Timely correction of findings	Timely within 6 months	Completed >6 months	No response to findings	
29	Rating: 1=Low, 2=Medium, 3=High				
30	11) No previous Finalcial Statement Audit	Previous F/S Audit	Not Applicable	No Previous F/S Audit	
31	Rating: 1=Low, 2=Medium, 3=High				
32	12) Results from review of	No Problems	A few issues	Major Problems	
33	documents for monthly reimbursement				
34				**Total Score**	**0**
35	*Program complexity is determined by the Project Director.				
36	Subrecipient Risk Total Score	Low = 1 to 12	Medium = 13 to 24	High = 25 to 36	
37					

Additional conditions § 200.332 (c)

Based on risk assessment

Consider imposing specific subaward conditions upon a subrecipient if appropriate

Monitoring of Subrecipients

Subrecipient Monitoring

Results of risk assessment determine what type of monitoring should be performed on subrecipient

Subrecipient Monitoring § 200.332 (e)

Pass-through entities must monitor activities of the subrecipient as necessary to ensure that the subaward:

- Is used for authorized purposes
- Is in compliance with federal statutes, regulations and the terms and conditions of the subaward
- Performance goals are achieved

Subrecipient Monitoring § 200.332 (e)(1)

Monitoring must include:

Reviewing financial and performance reports required by the pass-through entity

Subrecipient Monitoring § 200.332 (e)(1)

Monitoring example:
Reviewing financial reports – match requirements

STATE OF VERMONT GRANT AGREEMENT **Part 1-Grant Award Detail**

SECTION I - GENERAL GRANT INFORMATION

1 Grant #:	2 Original ☐	Amendment # ☐
3 Grant Title:		
4 Amount Previously Awarded: $ 0.00	5 Amount Awarded This Action: $ 0.00	6 Total Award Amount: $ 0.00
7 Award Start Date:	8 Award End Date:	9 Subrecipient Award: YES ☐ NO ☐
10 Supplier #:	11 Grantee Name:	
12 Grantee Address:		
13 City:	14 State:	15 Zip Code:
16 State Granting Agency:		17 Business Unit:
18 Performance Measures: YES ☐ NO ☐	19 Match/In-Kind: $ ______	Description:

20 *If this action is an amendment, the following is amended:*
Amount: ☐ Funding Allocation: ☐ Performance Period: ☐ Scope of Work: ☐ Other: ☐

SECTION II - SUBRECIPIENT AWARD INFORMATION

21 Grantee Identifier [UEI] #:	22 Indirect Rate: ____ % (Approved rate or de minimis 10%)	23 FFATA: YES ☐ NO ☐
24 Grantee Fiscal Year End Month (MM format):		25 R&D: ☐

26 Entity Identifier [UEI] Name *(if different than VISION Vendor Name in Box 11)*:

Source: Vermont State of Vermont Grant Agreement - Grant Award Detail - Fill Out, Sign Online and Download PDF | Templateroller

Subrecipient Monitoring § 200.332 (e)(1)

Monitoring example:
Reviewing financial reports match requirements SF-425 financial report

Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	
e. Federal share of expenditures	
f. Federal share of unliquidated obligations	
g. Total Federal share (sum of lines e and f)	
h. Unobligated balance of Federal Funds (line d minus g)	
Recipient Share:	
i. Total recipient share required	
j. Recipient share of expenditures	
k. Remaining recipient share to be provided (line i minus j)	

Subrecipient Monitoring § 200.332 (e)(2)

Monitoring must include:

- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews.
- Following-up and ensuring that the subrecipient has provided written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

Subrecipient Monitoring § 200.332 (e)(3)

Monitoring must include:

- Issuing a management decision for applicable audit findings pertaining **only to the Federal award provided to the subrecipient from the pass-through entity** as required by § 200.521

Subrecipient Monitoring § 200.332 (d)(4)

Cross-cutting findings:

- If a subrecipient has a current Single Audit report in the Federal Audit Clearinghouse and is not debarred, suspended, or otherwise excluded, **the pass-through entity may rely on the subrecipient's cognizant audit or oversight agency** for audit follow-up and management decisions on cross-cutting findings.
- That reliance does not relieve the pass-through entity of its duty to **issue compliant subawards, manage risk through ongoing monitoring, and track findings specific to the subaward**.

Subrecipient Monitoring § 200.332 (f)

Depending upon the pass-through entity's assessment of risk posed by the subrecipient 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:

- Providing training and technical assistance on program-related matters
- Performing on-site reviews of program operations
- Arranging for agreed upon procedures

Subrecipient Monitoring § 200.332 (g)

Monitoring must include:

- Verifying that every subrecipient has a Single Audit when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceed $1,000,000

Subrecipient Monitoring § 200.332 (h)(i)

(h) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(i) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of the UG and in program regulations.

Monitoring Documentation

38							
39	**Subrecipient Monitoring Compliance Section**						
40	*Instructions:*						
41	*If we have concluded, based on the above factors, that we can support passing through Federal Funds to this entity, the following section must be completed to monitor the subrecipient.*						
42							
43	**Description of Task to be Completed**	**Date Due**	**Date Completed**	**Completed By**	**Reviewed By**	**Date to Reperform (if applicable)**	**Notes**
44	Provide all information in the "Information to Provide to Sub" tab when notifying them that they have been awarded the funds. §200.332 (a) (1)						
45	Review financial and performance reports required by the pass-through entity. §200.332 (d) (1)						
46	Follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. §200.332 (d) (2)						
47	Issue a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity (See comment).						
48	Provide the subrecipient with training and technical assistance on program-related matters.						
49	Perform on-site review of the subrecipient's program operations.						
50	Arrange for agreed-upon-procedures engagements (if deemed necessary).						
51	Verify that the subrecipient is audited as required by the Uniform Guidance Subpart F "Audit Requirements" when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 "Audit Requirements." Currently the threshold is $750,000.						

Considerations: The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee. While not required, the Federal agency or pass-through entity may also issue a management decision on findings relating to the financial statements which are required to be reported in accordance with GAGAS.

Monitoring Documentation

52	Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.	
53	Take enforcement action against noncompliant subrecipients. (See comment)	
54		
55		
56	***If all above boxes have been completed (or if n/a) for the award year, select "in compliance" with subrecipient monitoring. If not, select "not in compliance".***	
57		

Considerations for noncompliant subrecipients §200.338:
1. Impose additional conditions on the subrecipient.
2. Temporarily withhold cash payments pending correction of the deficiency.
3. Disallow all or part of the cost of the activity or action not in compliance.
4. Wholly or partly suspend or terminate Federal award.
5. Initiate suspension or debarment proceedings.
6. Withhold further Federal awards for the project or program.
7. Take other remedies that may be legally available.

Internal Controls and Encouraged Practices

Encouraged Practices

- Prepare a summary sheet for each award with all pertinent information (award period, amount, matching provisions and any special terms and provisions) for your program and accounting staff.
- Use accounting software to separately track all revenues and expenses of each award.
- Confirm corrective action plans are implemented or document why not.
- Follow up on management responses to prior year findings.
- Reporting:
  - Maintain submitted report and related documentation.
  - For electronically submitted reports, print out the report along with the electronic communications supporting submission.
  - Maintain evidence of supervisory review.

Internal Controls

Ensure that proper policies and procedures are in place to provide reasonable assurance that:

- Federal award information and compliance requirements are identified to subrecipients,
- Subrecipient activities are monitored,
- Subrecipient audit findings are resolved,
- The impact of any subrecipient noncompliance on the pass-through entity is evaluated,
- Subrecipients have required audits performed and have taken appropriate corrective action on audit findings

Internal Controls - Documentation

Pre-subaward checklist and documentation	Risk assessment	Signed subaward agreement	Monitoring procedure results
Financial and performance reports	Single audit reports and evaluation	Management decisions	Additional correspondence

Internal Controls – Segregation of Duties

One person preparing - second person reviewing/approving

Reviewer/approver would need to catch noncompliance or issues

Keep documentation of approval

Questions?

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