

### What are subrecipients?

If you receive federal money for a grant, cooperative agreement, or contract, and you pass along (or pass through) some of those funds to another organization, group, or entity, you may have a “subrecipient” relationship. Any person, or government department, agency, entity, or nonprofit organization you pay with your federal funds to carry out part of your grant-funded program can be a subrecipient. You are required to have policies and procedures for monitoring all subrecipients. The requirements for subrecipient monitoring can be found in 31 U.S.C. § 7502 and in Title 2 C.F.R. § 200.

### Do you have subrecipients?

Below are a few definitions and examples to help you determine if you have a subrecipient relationship with an entity or if you are only doing business with a contractor. Your subrecipient monitoring policies and procedures do not apply to contractors.

#### Subrecipient

- ◆ Performance is measured against whether the objectives of the program are met
- ◆ Responsible for programmatic decision making
- ◆ Adheres to applicable program compliance requirements
- ◆ Uses the sponsored program funds to carry out their portion of the programmatic effort of the project

#### Examples of a subrecipient entity

- ◆ Identifies and selects mentors and mentees under a federal award which funds a mentoring program
- ◆ Collects data to report program progress or performance to the federal agency
- ◆ Authors publications pursuant to program goals and objectives
- ◆ Conducts research pursuant to program goals and objectives

#### Contractor

- ◆ Provides goods and services within normal business operations
- ◆ Provides similar goods and services to many different purchasers
- ◆ Operates in a competitive environment
- ◆ Provides goods and services ancillary to the operation of the program
- ◆ Provides goods and services which are not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

#### Examples of a contractor

- ◆ Accounting firms
- ◆ IT services

- ◆ Legal services
- ◆ Office supply stores
- ◆ Specified services in support of a research program
- ◆ Agreement specifies the types of goods and services provided and the associated costs

### Do you have a subrecipient policy?

Including a subrecipient monitoring policy as part of your financial management policies and procedures is necessary to ensure all federal dollars are utilized for authorized purposes in compliance with applicable laws, regulations, and provisions to complete the objectives of the funded project. Additionally, subrecipient monitoring policies help ensure your tribal entity does not use federal funds to pay for items or costs already obligated for payment with tribal, state, or local funding (i.e. supplanting). The procedures to implement the policy include making legal agreements with subrecipients and using a formal subrecipient monitoring plan.

### What type of legal agreement do you make with subrecipients?

Different types of legal agreements can be made with your subrecipients. Some tribal entities use Memoranda of Agreement, others use contracts. Your legal counsel can help determine the best type of agreement for your tribal entity to use. To ensure compliance by both the tribal entity and the subrecipient, each party's legal authorities need to sign the document, i.e. Council Chair or Tribal Administrator. Effective agreements include:

- ◆ Subrecipient name
- ◆ Subrecipient Authorized Representative and program contact information
- ◆ Subrecipient Employee Identification Number (EIN)
- ◆ Subrecipient DUNS number
- ◆ Federal Award Identification Number (FAIN)
- ◆ Name of the Federal Awarding Agency
- ◆ Contact information for the official at the Federal Awarding Agency
- ◆ Catalog of Federal Domestic Assistance (CFDA) number and name
- ◆ Federal award date
- ◆ Total amount of the federal award and Indirect Cost Rate
- ◆ Federal award project description
- ◆ A notation indicating the funds are for research and development (if applicable)
- ◆ Start and end date of the agreement
- ◆ Amount of federal funds budgeted for the agreement and Indirect Cost Rate allowed

- ◆ A statement that all activities must be in accordance with federal statutes, regulations, and terms and conditions of the federal award (you should give the subrecipient a copy of the award documents)
- ◆ A detailed description of any additional requirements you want the subrecipient to be responsible for such as performance and/or financial reports, attending meetings and/or trainings, etc.
- ◆ A statement about the monitoring activities, such as where/when they will take place; also include a statement indicating the subrecipient will collaborate on monitoring activities including providing requested financial documents
- ◆ A statement indicating if any of the items in the agreement change during the period of performance, the agreement will be amended
- ◆ Provide close out terms and conditions

### What is your subrecipient monitoring plan?

A subrecipient monitoring plan has, at the minimum, a tool for assessing the risk of the subrecipient’s compliance with your agreement and a detailed list of monitoring activities.

Risk assessment begins with determining the subrecipient’s risk of not meeting the grant award terms and conditions, including all federal rules and regulations associated with grant management. The table on the next page lists items to consider when assessing risk level.

	Low Risk	Medium Risk	High Risk
Assessment of Risk Levels	<ul style="list-style-type: none"> <li>◆ Less than \$100,000 in pass through dollars</li> <li>◆ Experienced subrecipient with no prior performance issues</li> </ul>	<ul style="list-style-type: none"> <li>◆ New to the program</li> <li>◆ Turnover in key staff positions</li> <li>◆ Previous compliance or performance</li> <li>◆ New or substantially changed system</li> <li>◆ More than \$100,000, but less than \$749,999 in pass through dollars</li> </ul>	<ul style="list-style-type: none"> <li>◆ \$750,000 or more in pass through dollars requires a review of the subrecipient’s single audit</li> </ul>
Minimum Monitoring Schedule	Two times/year	Quarterly	Monthly

Including written processes for fulfilling subrecipient monitoring activities will strengthen your plan. The table below provides examples of recommended processes:

Monitoring Activity	Process
Is the subrecipient meeting the funded program objectives?	<ul style="list-style-type: none"> <li>◆ Compare the actual accomplishments with the program goals</li> <li>◆ Write down major accomplishments and any adjustments needed to stay in compliance</li> <li>◆ Create a follow-up time to check back on the adjustment</li> </ul>
Is the subrecipient providing timely and accurate programmatic reports, attending meetings and trainings as required, and completing all activities in your agreement?	<ul style="list-style-type: none"> <li>◆ Compare the planned activities with the actual performance</li> <li>◆ Compare the timeliness and details in program reports to the agreement</li> </ul>
Is the subrecipient providing timely and accurate financial reports?	<ul style="list-style-type: none"> <li>◆ Evaluate timeliness of reports</li> <li>◆ Make a note of any challenges receiving reports on time</li> <li>◆ If necessary, make a plan with the subrecipient to improve timeliness</li> </ul>
Is the subrecipient expending funds at the projected rate for the budget?	<ul style="list-style-type: none"> <li>◆ Compare actual expenses to planned expenses for the current point in the budget year</li> <li>◆ Discuss any differences in actual versus planned expenses</li> <li>◆ Create a projection for future expenditures</li> <li>◆ Discuss budget modifications as needed</li> </ul>
Is the subrecipient using the appropriate procedures for expenditures and are the costs allowable?	<ul style="list-style-type: none"> <li>◆ Review the actual expenditures and determine if they were made according to established procedures and were made for allowable costs</li> <li>◆ Review internal controls to Generally Accepted Accounting Principles (GAAP) standards</li> <li>◆ Review any equipment, supplies, and inventory kept by the subrecipient</li> </ul>
Is the subrecipient expending the funds on program participants who are eligible?	<ul style="list-style-type: none"> <li>◆ Compare the types of activities and services provided to those planned in the agreement with the subrecipient</li> <li>◆ Review participant documentation</li> </ul>

<p>Is the subrecipient in compliance with any special terms/conditions of the award?</p>	<ul style="list-style-type: none"> <li>◆ Review the agreement special terms/conditions with the subrecipient and write down examples of compliance</li> </ul>
<p>If subrecipient is a High-Risk entity, do you have a copy of the most recent audit (for all subrecipients)?</p>	<ul style="list-style-type: none"> <li>◆ Review the audit and follow-up with the recipient on the status of corrective action plans to address any audit findings</li> <li>◆ Develop a tracking mechanism for collecting annual audit reports, findings, and corrective action plans</li> </ul>
<p>Are there are any areas where the subrecipient is not in compliance with your agreement?</p>	<ul style="list-style-type: none"> <li>◆ Write down the corrective actions subrecipient must take to comply with your agreement</li> <li>◆ Include specific, timebound corrective actions</li> <li>◆ Write when, how, and how often communication with the subrecipient will take place during the corrective period</li> <li>◆ Write down possible sanctions for not achieving compliance</li> <li>◆ Provide a copy of the report to the subrecipient’s Authorized Representative who signed the original agreement</li> </ul>

**Resources**

- ◆ [DOJ Grants Financial Guide](#)
- ◆ [Office of Justice Programs, Checklist to Determine Subrecipient or Contractor Classification](#)



The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org)** or call **703.462.6900**. Visit [OVCTFMC.org](http://OVCTFMC.org) for additional resources and information.

## Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to [Evaluation@OVCTFMC.org](mailto:Evaluation@OVCTFMC.org).

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