



**ADMINISTRATIVE POLICIES**

<b>SECTION:</b>	<b>Financial Management – Section 400</b>	<b>POLICY #:</b>	<b>432</b>
<b>TITLE:</b>	<b>Federal Awards - Subrecipient Monitoring</b>	<b>PROCEDURE #:</b>	<b>N/A</b>
		<b>ORDER #:</b>	<b>N/A</b>
<b>DEPT:</b>	<b>Finance</b>	<b>DIVISION:</b>	<b>N/A</b>
<b>ADOPTED:</b>	<b>6/2015</b>	<b>REVIEWED:</b>	<b>N/A</b>
		<b>REVISED:</b>	<b>N/A</b>

**PURPOSE:** To establish policies and procedures over monitoring Federal Awards and associated subrecipients.

**AUTHORITY:** The Marion County Board of Commissioners may establish rules and regulations in reference to managing the interest and business of the county under ORS 203.010, 203.035, 203.111, and 203.230.

**APPLICABILITY:** Department heads, elected officials and other employees who administer Federal Awards.

**GENERAL POLICY:** All Federal Awards are subject to the established requirements as set forth by the federal government in the Uniform Guidance for Federal Awards (Uniform Guidance) and other laws and regulations as required by the Federal Award Agreement and the granting agency.

**DEFINITIONS:** See policy #430, Federal Awards – Administration and Definitions, for definitions of Federal Award, Federal Award Agreement, and Federal Financial Assistance.

1. **Responsibilities:**  
 Every department head, elected official, employee or agent of the county (public official) who has authority to expend Federal Financial Assistance is responsible for compliance with the policy. Federal Financial Assistance that is passed through to subrecipients for the purpose of carrying out a portion of a Federal Award imposes additional responsibilities. Each public official that has oversight responsibility over subrecipients is responsible for monitoring subrecipients to ensure that performance is in accordance with the Federal Award Agreement and in compliance with all applicable laws and regulations.
  - 1.1. **Subrecipient and Contractor/Vendor Determinations** – The county may pass through or subcontract Federal Financial Assistance to assist in administering the objectives of a Federal Award. Each department will determine if the subcontractor meets the definition of a subrecipient or contractor/vendor. This determination will occur during the contract review process.
    - a) Contractor/ Vendor. A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor/vendor. Characteristics indicative of a procurement relationship between the county and a contractor/vendor are when the contractor/vendor:
      - i. Provides the goods and services within normal business operations;
      - ii. Provides similar goods or services to many different purchasers;

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- iii. Normally operates in a competitive environment;
  - iv. Provides goods or services that are ancillary to the operation of the Federal Award; and
  - v. Is not subject to compliance requirements of the Federal Award as a result of the agreement, though similar requirements may apply for other reasons.
- b. Subrecipient. A non-federal entity that receives a subaward from the county to carry out part of a Federal Award is considered a subrecipient. A subrecipient's activities may include, but are not limited to:
- i. Determining eligibility;
  - ii. Having performance measured in relation to carrying out Federal Award objectives;
  - iii. Making programmatic decisions;
  - iv. Adhering to applicable program requirements specified by the Federal Award Agreement; and
  - v. Using Federal Financial Assistance to carry out program services for a public purpose.

- 1.2. **Subrecipient Monitoring** – When the county uses a subrecipient for the purpose of carrying out a portion of a Federal Award, the county must perform the following monitoring activities:
- a. Ensure the subaward includes the required information as defined in Section 200.331 (a) under the Uniform Guidance;
  - b. Evaluate the subrecipient's risk of noncompliance with federal statutes, regulations and terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring;
  - c. Monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes, is in compliance with federal regulations and goals are achieved as defined by the subaward;
  - d. Verify that the subrecipient is audited as required by the Uniform Guidance, Subpart F – Audit Requirements, and consider the results of those audits that might necessitate further action. If an audit is not required, ensure adequate documentation is obtained for the reason and is appropriate;
  - e. Provide other monitoring as determined necessary by the risk assessment or the Federal Award Agreement; and
  - f. Take enforcement action on noncompliant subrecipients.

2. Exceptions:

The Chief Administrative Officer and Board of Commissioners may grant exceptions to this policy, to the extent the exceptions do not violate federal laws and regulations.

3. Implementation:

The Chief Financial Officer is authorized to implement this policy.

4. Periodic Review:

This policy will be reviewed by the Chief Financial Officer at least every three years.

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5. Resources:

The following are additional resources in relation to this policy:

- a. Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200))
- b. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (2 CFR 225)
- c. OMB Circular A-102, Grants and Cooperative Agreements With State and Local Governments
- d. OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations