Subrecipient Monitoring your International Subrecipient

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Entity Level Risk Assessment
Assess the Entity Risk Prior to Awarding

• Is the country export controlled or embargoed?
  • Do not pass go, do not collect $200

• Does your institution have past experience with the subrecipient?
  • Any concerns with prior experiences

• Do the laws of the country prevent the subrecipient from complying with the contract? To stringent or too lax?
  • Are they negotiable compliance terms

• Does the subrecipient have other US federal grants or contracts?
  • If so, how much do they receive

• What type of internal controls do they have in place
  • Use financial questionnaire if unaudited financials are provided

• Does the subrecipient have a DUNS number and are they registered in SAM
Assess the Entity Risk Prior to Awarding

• What type of financial documents are they able to provide
  • Are the financials sufficient enough to assess
  • Many financial documents will need to be translated

• How much funding does this entity handle vs the subaward amount
  • Calculate using US exchange rates

• How much does the entity have in current assets vs current liabilities
  • Negative current ratio increases risk

• Is this a high risk country
  • How could those risks affect the subrecipient’s ability to perform

• Is this entity financially backed by their government
  • Obtain assurance from subrecipient

• What are the cultural differences
  • Lax oversight, government corruption, privacy concerns
Assess the Entity Annually

• Has there been a change in the countries risk level
  • Civil war, conflict, economic depression, government corruption, etc.
  • Add risk level to institutions in countries in political or economic turmoil

• Is your PI happy with the progress to date
  • If there are milestones or reports have they been received and deemed acceptable

• Are they invoicing according to budget
  • Do the major cost categories match, is the F&A consistent, are they converting for exchange rates

• Have your subrecipients re-certify annually that they have compliant systems to handle the award
  • I.E. Cash Management, Payroll, Procurement

• Review the subrecipient’s financials to ensure there have not been significant financial changes
  • Compare with prior year financial status to note any significant differences
Transaction Level Risk Assessment
Assess the Project Risk Prior to Awarding

PROJECT LEVEL ASSESSMENT

SCOPE OF WORK

**WHAT** will the subrecipient be doing?
- Implanting investigative devices vs. lab bench work

**HOW** will the work be performed?
- Injecting human subjects vs. conducting a survey

**WHERE** will the subrecipient be doing the work?
- Foreign under-developed country
- National lab requiring security clearance
- Using your campus’ facilities

**WHO** will be doing the work?
- For-profit corporation, students, or multiple subrecipients coordinating to perform the overall project
Assess the Project Risk Prior to Awarding

PROJECT LEVEL ASSESSMENT (continued)

DELIVERABLES
- Proprietary satellite images that will be analyzed as the main project deliverable
- Perform validation testing on pass-through entity’s main project deliverable

OTHER CONSIDERATIONS
- Large subaward funding value
- Large percentage of the total award passing-through
- Award size relative to subrecipient’s sponsored research portfolio
- Criticality to overall success of pass-through entity’s project
- Program complexity
Mitigating the Risks (Project Level)

SPECIAL MONITORING

• More frequent technical reporting
• More detailed or frequent invoicing requirements
• Requirement for invoice backup documentation

PAYMENT TERMS

• Tie payments to receipt of deliverables
• Withhold percentage of total funds until final technical and financial reports are received and approved

OTHER TERMS

• Stringent termination or stop-work language for failure to comply
• Add re-performance requirements in the event of default
• One-way indemnification with no limitation of liability (assess subrecipient’s ability to actually cover liability)

MANAGEMENT PLANS

• Informed consents and agreement from appropriate parties, i.e. PI, Department Manager, School Dean, etc.
• Compliance Plans
Questions???