

## **721.11 – Subrecipient Policy**

### **I. Making of Subawards**

From time to time, the Park Rapids Area Schools may find it practical to make subawards of federal funds to other organizations. All sub-awards in excess of \$5,000 shall be subject to the same procurement policies described in the Procurement Policy. In addition, all subrecipients must agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom the Park Rapids Area Schools has not recently had a subaward relationship, the Business Manager shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable complying with all applicable laws, regulations and award provisions. In addition, the Park Rapids Area Schools shall obtain the following documents from all new subrecipients:

- a. Articles of incorporation
- b. By-laws or other governing documents
- c. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501 (c)(3))
- d. Last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
- e. Copies of the last 3 years' audit reports and management letters received from sub recipient's independent auditor (including all reports associated with audits performed in accordance with Single Audit Act, if applicable)
- f. Copy of the most recent internally-prepared financial statement and current budget
- g. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

### **II. Elements of Subaward**

Park Rapids Area Schools will ensure that every subaward is clearly identified to the subrecipient as a subaward and include the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modifications. When some of this information is not available, Park Rapids Area Schools will provide the best information to describe the Federal award and subaward.

1. Subaward 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. Subaward 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)
2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR Part 200 Subpart F, if the subrecipient meets the criteria for having to undergo such an audit.
  3. Subawards shall include a listing of all applicable Federal requirements that each subrecipient must follow.
  4. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
  5. Subawards shall require that subrecipients submit financial and program reports to the Park Rapids Area Schools on a basis no less frequently than monthly.
  6. Subawards shall require that subrecipients permit Park Rapids Area Schools and auditors access to the subrecipient's records and financial statements as necessary.

### **III. Monitoring of Subrecipients**

When the Park Rapids Area Schools utilizes Federal funds to make subawards to subrecipients, the Park Rapids Area Schools is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. In fulfillment of its obligation to monitor subrecipients, the following policies apply to all subawards of Federal funds made by the Park Rapids Area Schools to subrecipients:

1. Park Rapids Area Schools will review programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
2. Park Rapids Area Schools will follow up with all subrecipients to determine whether all required audits have been completed. Park Rapids Area Schools will cease all funding of subrecipients failing to meet the requirement to undergo a Single Audit in accordance with 2 CFR Part 200 Subpart F. Park Rapids Area Schools will follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the subaward detected through audits, on-site review, and other means. CLIENT will issue a management decision for audit findings pertaining to the subaward as required by 2 CFR Part 200 §200.521 Management decision. Park Rapids Area Schools will 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.
3. Ongoing monitoring of subrecipients by Park Rapids Area Schools will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. Park Rapids Area Schools will 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, which may include consideration of such factors as:

- a. The subrecipient's prior experience with the same or similar subawards;
- b. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with 2 CFR Part 200 Subpart F, and the extent to which the same or similar subaward has been audited as a major program;
- c. Whether the subrecipient has new personnel or new or substantially changed systems;
- d. The extent and results of Federal awarding agency monitoring (i.e. if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Depending upon the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may *involve* any or all of the following:

- a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
- b. Monitoring subrecipient budgets.
- c. Performing site visits to the subrecipient to review program operations, financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
- d. Providing subrecipients with training and technical assistance on program-related matters.
- e. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.

4. Documentation shall be maintained in support of all efforts associated with Park Rapids Area School's monitoring of subrecipients.

*Adopted: 2/17*

*Revised: 2/17*

*Reviewed: 5/24*

**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)