Revised 5/10/2018

Tennessee TECH

SUBRECIPIENT RISK ASSESSMENT

Risk Factors Based on the Subrecipient Organization

CATEGORY	Lower Risk	Medium Risk	Higher Risk
Foreign vs. domestic	U.S.-based	Foreign location with stable government and financial systems	Foreign location with unstable government or financial systems or restricted location
Subrecipient organization type	University or non-profit subject to federal audit requirements	Non-profit not subject to federal audit requirements	Industry or other for-profit organization not subject to federal or other audit regulations
Maturity of organization	Mature (more than 10 years)	Mature, but not research oriented	Start-up, no fiscal controls in place yet
Subrecipient's prior experience with similar subawards or awarding agency	Subrecipient has prior experience with the same/similar subawards. Subrecipient also receives awards directly from the awarding agency.	Subrecipient does not have prior experience with type of award, OR Subrecipient does not receive federal awards or is unfamiliar with awarding agency's requirements.	Subrecipient does not have prior experience with the type of research or programmatic deliverables required by subaward.
TTU's prior experience with subrecipient	Previous positive experience as HU subrecipient	Previous experience as HU subrecipient but may have some minor concerns	New subrecipient or previous negative experience
Adequacy of facilities	Work occurs in adequate, established space.		Subrecipient's resources are inadequate
Audit results and accounting/procurement systems	Has annual audit with unqualified opinion	Has annual third-party financial audit Subrecipient has a new or substantially changed system or personnel for project administration.	Has not had a financial audit by a third-party, or current audit has material weaknesses, reportable conditions or findings Has lack of policies, separation of duties, or system controls
Audit restrictions/ transparency	Auditors are able to perform testing on all awards.	Auditors can perform testing only on part of portfolio (e.g., subrecipient places restriction on auditors due to Federally Funded Research and Development Center).	Auditors not able to perform testing and cannot provide audit reports.

Risk Factors Based on the Subaward

CATEGORY	Lower Risk	Medium Risk	Higher Risk
Amount/percentage passed-through	Lower funding levels or percentage of total funds allocated to subrecipient (e.g., <$100k)	Funding allocated to subrecipient is a large part of the total award	Funding level >$500K or >49% of award
Scope of work and project deliverables	Easily met objectives (e.g., reports) Progress based on milestones or observable outcomes	Subrecipient not meeting deliverables, resulting in a change in project scope	Deliverables necessary in order to achieve project success No reporting until end of the project, no measurable or observable milestones or outcomes
Additional approvals		Subrecipient has protocols in place to meet compliance requirements	Compliance requirements are in place, but subrecipient does not have protocols to approve/monitor the requirements. Project involves export-controlled material, data, or technical reports.
Relationship between TTU PI and subrecipient PI	Subrecipient PI is a familiar collaborator	Subrecipient PI is an established researcher, but has no prior direct relationship.	No previous collaboration or relationship
Cost sharing	Subrecipient has not made commitment to share costs	Subrecipient has committed to fund project costs not paid by the award or subaward.	Subrecipient has committed to fund substantial project costs not paid by the award or subaward.
Rate of subrecipient spending on award	Pace of spending is consistent with budgeted amounts per year	Pace of spending slightly greater or less than budgeted amount per year	Spending far outpaces or is severely below that which was in the submitted budget.

Examples of Monitoring Activities to Include in Subrecipient Monitoring Plan Based on Results of the Risk Assessment

Monitoring Activities to Consider for Organizational-Based Risk

- Require invoices and award documents to be in U.S. dollars
- Require costs to be supported by adequate documentation such as vendor invoices, canceled checks, time and attendance records, approved purchase orders, receiving documents
- Change from cost-reimbursement invoices to fixed price milestone/deliverable invoicing upon completion of certain tasks
- If organization does not have an indirect cost allocation plan or a negotiated indirect cost rate, require subrecipient to provide their policy/information on how they plan to charge overhead
- Schedule site visits to review records and observe operations
- Arrange for limited-scope audits of certain activities
- Require third-party evaluations

Monitoring Activities to Consider for Subaward-Based Risk

- Review supporting documentation to determine if program compliance requirements are being met, if program activities meet program objectives, and if activities are allowable
- Seek guidance from Office of Research for complex contract or compliance issues
- Establish specified frequency for technical reports, e.g., quarterly
- Require PI approval on all invoices
- Tie receipt of technical reports to payments
- Provide technical assistance and training
- Add more stringent termination or stop-work language for failure to comply with requirements