Policy 2302
Subrecipient Monitoring on Sponsored Programs

Date of Current Revision: September 2026
Primary Responsible Officer: Vice President for Research, Economic Development and Innovation

1. PURPOSE

This policy outlines the maintenance of the integrity of research conducted under the auspices of James Madison University (JMU) and is designed to ensure compliance with the federal laws and regulations related to federally funded research. Most specifically, this policy addresses the mandate that the university, as a pass-through entity of federal funds, may be held responsible for issuance of subawards and monitoring subrecipient's technical and financial performance. For non-federal awards, the university may be required by the sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and account for the sponsor's funds. This policy establishes the university's requirements for issuing subawards and monitoring subrecipient performance.

2. AUTHORITY

The Board of Visitors has been authorized by the Commonwealth of Virginia to govern James Madison University. See Code of Virginia § 23.1-1600; § 23.1-1301. The board has delegated the authority to manage the university to the president.

STATE OR FEDERAL STATUTE AND/OR REGULATION

The university is committed to complying with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR Part 200), which mandate that the university, as the pass-through entity of federal funds, be held responsible for issuance of subawards and monitoring subrecipient's technical and financial performance.

3. DEFINITIONS

Contractor (Vendor or Supplier)
Any business, organization, or other entity that supplies goods or services.

Federal Award
A grant, contract, or cooperative agreement received either directly from a federal agency or as a subaward received by JMU from another organization, provided it is federally funded.

Contract
Any agreement between the university and one or more external parties for performing, or refraining from performing, some specified act(s) in exchange for a valuable benefit known legally as "consideration." Agreements meeting this definition may be referred to by other terms (e.g., memoranda of understanding, non-disclosure agreements, etc.).

Non-Federal Award
A sponsored program award whose funding originates from a source other than the federal government. This includes non-federally funded subawards received by JMU from other organizations.

Pass-through Entity (PTE)
A non-federal entity that receives a sponsored award from which it subsequently issues a subaward. When JMU issues a subaward, it acts as a PTE. Other universities, state and local governments, and foundations all may act as PTEs.

Pass-Through Funds
Funds issued to James Madison University that are then transferred to a subrecipient per the terms of the subaward.

Principal Investigator (PI)
The individual(s) designated by the applicant organization/recipient to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award. The applicant organization may designate multiple individuals as program directors/principal investigators (PD/PIs) who share the authority and responsibility for leading and directing the project, intellectually and logistically.

Risk Assessment
The overall process or method whereby hazards and risk factors that have the potential to cause harm are identified, and the risk associated with those hazards are analyzed and evaluated.

Single Audit
A compliance and financial audit required of any institution receiving over $750,000 in federal funds to assure effective management and use of funds as required by the Uniform Guidance.

Sponsor
An individual or group that provides support financially or through the provision of products or services for an event, activity, person or organization.

Sponsored Program
Projects or programs that are conducted by faculty member(s) and/or administrative staff member(s) and supported — fully or in part — by external restricted funding awarded to the university. Sponsored programs may be research, instructional, or service in nature. In all sponsored programs, the university has obligations to the funding source in accordance with the terms of a proposal or agreement. In the case of a proposal, these obligations are based on the project description developed by the faculty member(s) and/or administrative staff member(s). In the case of a grant, these obligations are based on the project description developed jointly by the sponsor and the faculty member(s) and/or administrative staff member(s).

Note: The terms sponsored program, sponsored project, sponsored award, and/or sponsored activity are often used interchangeably.

Subaward
An enforceable agreement, issued under a federal award or a non-federal award, between a pass-through entity and a subrecipient for the performance of a substantive portion of the

program, typically with pass-through funds attached. Generally, the subrecipient will have its performance measured in relation to the objectives of the overall program and the subrecipient will have a degree of responsibility for programmatic decision making. (Note: This definition does NOT include the procurement of goods or services from a contractor.)

Subrecipient
An entity that receives a subaward (typically included pass-through funds) from a pass-through entity to carry out part of a federal or non-federal program as opposed to providing goods and services but does not include an individual that is a beneficiary of such a program. Subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. A subrecipient may not be an individual person.

Subrecipient Monitoring
Subrecipient monitoring is the oversight activity performed by JMU that provides reasonable assurance that subawards made are being administered in compliance with applicable laws, regulations, and the provisions of the grant or contract agreement. This may include the addition of special terms and conditions within the subaward, additional technical oversight activity, or additional documentation request from the subrecipient. Subrecipient monitoring activities may be based on risk assessment.

Uniform Guidance
A publication from the federal Office of Management and Budget entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR Part 200).

4. APPLICABILITY

This policy applies to all subawards issued under sponsored projects awarded to James Madison University without regard to the primary source of funding. This policy does not apply to consultant agreements or procurement of services from vendors. Policies and procedures regarding those agreements are covered under JMU Policy 4201.

5. POLICY

It is JMU’s policy to adhere to regulations set forth in the Uniform Guidance, section 2 CFR Part 200). Therefore, JMU is responsible for financial and programmatic monitoring of sponsored projects in which subawards are issued to another institution or organization (known as the subrecipient). The monitoring activities must provide reasonable assurance the subrecipient will administer the subaward in compliance with applicable regulations and terms.

It is JMU’s policy to ensure that all agreed-upon monitoring activities occur. JMU will consider whether the results of the subrecipient’s audit, on-site reviews, or other monitoring indicate conditions that require adjustments to the monitoring procedures and subrecipient’s risk classification.

6. PROCEDURES

6.1 To provide the oversight required by federal regulations, when JMU acts as a pass-through entity (PTE), JMU must:

a. Evaluate each subrecipient's and project's risk to determine the appropriate subaward terms and monitoring levels.
b. Monitor the activities of subrecipient organizations for compliance with applicable regulations and terms of the subaward.
c. Verify that subrecipients are audited as required by the Uniform Guidance.

6.2 As part of its subrecipient monitoring procedures, JMU will:

a. Advise and provide subrecipients copies of federal laws or regulations (or references thereto), terms and conditions of the prime award or agreement, and JMU requirements that apply to the subaward or subcontract.
b. Provide subrecipients with information regarding the prime award including Catalog of Federal Domestic Assistance number (CFDA), title, award name and number, award dates, and funding agency, as required by the Office of Management and Budget (OMB) Uniform Guidance.
c. Conduct regular risk assessments of all subawards and establish appropriate subrecipient monitoring activities based on the results.
d. Monitor costs and activities of subawards to ensure expenditures are consistent with the budget and scope of work of the subaward. Ensure that the performance goals set forth in the scope of work are being met in a timely manner.
e. Verify that subrecipients expending $750,000 or more in federal awards during the subrecipient's fiscal year have met the OMB Uniform Guidance audit requirements for that fiscal year.
f. Issue management decisions on audit findings pertaining to any JMU subawards within six months after acceptance of the audit report by the Federal Audit Clearinghouse and ensure that the subrecipient takes appropriate and timely corrective action.
g. Consider whether subrecipient audit findings or monitoring activities necessitate adjustment of JMU's records, such as budget modifications or reallocation of resources, a demand for repayment from the subrecipient, or other remedial measures.
h. Require each subrecipient to permit the sponsor and/or JMU and its auditors to have access to the subrecipient's pertinent records and financial statements, as necessary.
i. Require each subrecipient to provide information as required under the Federal Funding Accountability and Transparency Act (FFATA) to meet JMU's reporting obligations.

6.3 The risk assessment must at a minimum include:

a. A review of the subrecipient's single audit, or for non-single audit recipients, an appropriate financial questionnaire for non-Single Audit Subrecipients
b. Ensuring subrecipients are not debarred or suspended and are eligible to receive federal funds.

7. RESPONSIBILITIES

All departments, offices and employees that generate, receive, or maintain public records under the terms of this policy are also responsible for compliance with 1109 – Records Management.

Subrecipient monitoring responsibilities are shared among individuals and groups such that:

7.1 The ***Principal Investigator (PI)*** is responsible for:

a. Obtaining a completed materials from subrecipients, including any forms or documentation required by the Office of Sponsored Programs, and submitting them to be included with the proposal (including internal approval routing).
b. Confirming the statement of work and budget provided by the subrecipient.
c. Reviewing any non-standard terms and conditions of the subaward during the subaward agreement negotiation process.
d. Monitoring programmatic progress and the ability of the subrecipient to meet objectives of the subaward.
e. Confirming all deliverables are received and review invoices as appropriate.
f. Monitoring each subaward throughout the period of performance and escalating concerns to Sponsored Programs-Financial Administration as appropriate.

7.2 The ***Office of Sponsored Programs-Administrative Services*** is responsible for:

a. Documenting the determination of whether a third party is treated as a contractor or subrecipient.
b. Completing risk assessments on new subrecipient organizations.
c. For all subawards on a federal award:
    1. Reviewing the subrecipient's audit report on a regular basis, based on frequency stipulated by the sponsor and taking appropriate actions.
    2. Documenting reasons for any actions taken as a result of the annual review.
    3. Maintaining the subrecipient risk assessment results and incorporating ratings assigned on organizational and project risk assessments.
    4. Incorporating additional terms and/or stringent documentation requirements in a subaward when needed based on information from the PI, the managing school/department/unit, the risk assessment of the subrecipient organization and the project; and notifying the sponsor of such actions when required by sponsor policy.
    5. Following up on any subrecipient audit finding by performing site or desk reviews.

7.3 ***Sponsored Programs-Financial Administration*** is responsible for:

a. Monitoring costs of subawards, ensure expenditures are consistent with the budget of the subaward.
b. Reviewing subrecipient invoices.
c. Processing subrecipient payments after appropriate invoices are submitted.
d. Reporting under the Federal Funding Transparency Act, including obtaining from the subrecipient all information required for FFATA compliance.

8. SANCTIONS

8.1 Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant university policies. In addition, failure to comply with the requirements of this policy and its related procedures may result in penalties levied against the schools/departments/units and/or the university by a sponsor.

Specifically, noncompliance with this policy may result in one or more of the following:

a. The sponsor disallowing subaward costs.
b. Suspension or termination of the sponsored award.
c. Withholding other sponsored programs to the PI or to the university.
d. Debarment of the PI or university from receiving future sponsored programs.

8.2 Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the university and jeopardize current and future funding.

9. EXCLUSIONS

No subawards are excluded from this policy. As mentioned, this policy does not apply to consultant agreements or procurement of services from vendors.

10. INTERPRETATION

The authority to interpret this policy rests with the president and is generally delegated to the vice president of Research, Economic Development and Innovation.

Responsible Executive: Vice President of Research, Economic Development and Innovation
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