



FACT SHEET

Broadband Technology Opportunities Program Subrecipient Monitoring

Overview

BTOP award recipients may work with subrecipients to implement their projects. However, NTIA has a direct legal relationship only with the recipient, and the recipient is responsible for meeting all award terms and conditions. BTOP award recipients must communicate clearly with their subrecipients about all expectations and responsibilities under the subaward and implement a successful subrecipient monitoring plan to ensure compliance with requirements and achievement of performance goals.

All BTOP recipients are subject to the Department of Commerce Financial Assistance Standard Terms and Conditions ("DOC Standard Terms & Conditions"), which include specific subrecipient monitoring requirements in Section J. Additionally, all non-profit, governmental, and tribal BTOP recipients must adhere to the subrecipient monitoring requirements outlined in OMB Circular A-133 §__.400(d) and further detailed in OMB Circular A-133 Compliance Supplement, Part 3-M (June 2010) ("Compliance Supplement"). The Uniform Administrative Requirements also explicitly require recipients to monitor their subrecipients. (See, e.g., 15 C.F.R. §§ 14.51(a), 24.40(a))

For guidance about how to identify subrecipient relationships, please see the BTOP Fact Sheet on Subrecipients and Contractors at www2.ntia.doc.gov/files/fact_sheet_subrecipients_and_contractors_08182010v2.pdf.

Subrecipient Compliance Responsibilities

BTOP recipients must require all subrecipients, including lower-tier subrecipients, to comply with the provisions of the award (DOC Standard Terms & Conditions § J.02.a). These include:

- The activities described in the recipient's application for funding and any amendments thereto;
- All programmatic requirements outlined in the appropriate Notice of Funds Availability (NOFA), such as nondiscrimination and interconnection obligations and program income requirements;
- Applicable administrative requirements, such as financial management standards, procurement, property management, and record keeping (See 15 C.F.R. §§ 14.5, 24.4(a));
- Applicable cost principles (See 15 C.F.R. §§ 14.27, 24.22(b); 48 C.F.R. Part 31.2);
- Audit requirements (See DOC Standard Terms & Conditions § D.01; OMB Circular A-133 §__.200; 15 C.F.R. §§ 14.26, 14.51(a), 24.26);
- DOC Standard Terms & Conditions such as anti-lobbying restrictions, minority and women-owned businesses, suspension and debarment, drug-free workplace, and securing the Federal Interest in property acquired or improved with Federal funds;
- American Recovery and Reinvestment Act of 2009 (ARRA) Award Terms, such as reporting requirements, Buy American, Davis-Bacon Act compliance, and separate accountability for ARRA funding; and
- Special award conditions applicable to the recipient's award.

Recipients may also impose additional requirements upon subrecipients in the terms of the subaward agreement.





Recipient Responsibilities for Subrecipient Monitoring

- Codes of Conduct – A recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of subawards. No employee, officer, or agent shall participate in the selection, award, or administration of a subaward supported by Federal funds if a real or apparent conflict of interest would be involved. (DOC Standard Terms & Conditions § J.03.b-c).
- Selection of Subawards
 - Free and Open Competition – All subawards will be made in a manner to provide, to the maximum extent practicable, open and free competition. The recipient must be alert to organizational conflicts of interest and practices among subrecipients that may restrict competition. Subrecipients that develop or draft work requirements, statements of work, or requests for proposals shall be excluded from competing for such subawards. (DOC Standard Terms & Conditions § J.03.a).
 - Suspension and Debarment – A recipient shall comply with the nonprocurement debarment and suspension common rule on debarment and suspension, which is implemented by the Department of Commerce at 2 C.F.R. Part 1326. This rule requires screening of potential subawardees and contractors and prohibits subawards and contracts to debarred, suspended, or voluntarily excluded parties. (See also DOC Standard Terms & Conditions § G).
 - Notices – A recipient shall include: (1) the lobbying and suspension/debarment notice listed in DOC Standard Terms & Conditions § J.04.a in each request for applications or bids; (2) a term or condition in all subawards and contracts that the award is subject to Subpart C of 2 C.F.R. Part 1326, “Governmentwide Debarment and Suspension (Nonprocurement)”; and (3) a statement in all subawards and contracts exceeding \$100,000 in Federal funds that the subaward or contract is subject to 31 U.S.C. § 1352, as implemented at 15 C.F.R. Part 28, “New Restrictions on Lobbying.” (DOC Standard Terms & Conditions § J.03.b-c).
- Award Identification – At the time of award to a subrecipient, a recipient must provide Federal award information to subrecipients, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, the name of awarding agency, and applicable compliance requirements. (DOC Standard Terms & Conditions § J.02.b.1; OMB Circular A-133 § 400(d)(1), (2)).
- Central Contractor Registration (CCR), <https://www.bpn.gov/ccr/> – A recipient must inform first-tier subrecipients of the requirement to register in the CCR, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and to keep the registration and number current. (ARRA § 1512(h); 2 C.F.R. § 176.50(c); Compliance Supplement, p. 3-M-1).
- ARRA Reporting – A recipient may delegate ARRA reporting responsibilities to subrecipients. The recipient must notify the Grants Office when ARRA reporting is delegated to a subrecipient and must ensure that the subrecipient understands and complies with reporting responsibilities. (See M-09-21, Implementing Guidance for the Reports on Use of Funds Pursuant to the ARRA, §§ 2.2-2.3).
- Lobbying – A recipient shall require subrecipients and contractors to submit a completed “Disclosure of Lobbying Activities” (Form SF-LLL) regarding the use of non-Federal funds for lobbying, whenever such submission is necessary. For further details, see DOC Standard Terms & Conditions § J.04.c.
- During-the-Award Monitoring – Recipients are responsible for monitoring subrecipients throughout the life of the subaward.





- A recipient must monitor subrecipients' use of BTOP funds through reporting, site visits, regular contact, or any other means to provide reasonable assurance that the subrecipients remain compliant with laws, regulations, and BTOP terms and conditions, and that performance goals are achieved. (DOC Standard Terms & Conditions § J.02.b.2; Compliance Supplement, p. 3-M-1).
 - Entities subject to OMB Circular A-133 are also specifically instructed to "monitor the subrecipient's activities as necessary to ensure that award funds are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements." (OMB Circular A-133 §__400(d)(3)). This may be accomplished by reviewing an audit of the subrecipient or through other means (e.g., program reviews) if the subrecipient has not had such an audit. (15 C.F.R. § 24.26(b)(2)).
- Audits – Each recipient must:
- Ensure that non-profit, governmental, and tribal subrecipients expending \$500,000 or more in Federal awards during a subrecipient's fiscal year comply with OMB Circular A-133 audit requirements and that the required audits are completed within nine months of the end of the subrecipient's audit period;
 - Ensure that for-profit subrecipients comply with audit requirements detailed in the recipient's special award conditions and DOC Standard Terms & Conditions § D.01.b-c, as applicable;
 - Issue a management decision (OMB Circular A-133 §__405) on subrecipient audit findings within six months after receipt of the subrecipient's audit report;
 - Ensure that the subrecipient takes timely and appropriate corrective action on all audit findings; and
 - In cases of continuing inability or unwillingness of a subrecipient to have the required audits, take appropriate action using sanctions.

(DOC Standard Terms & Conditions § J.02.b.3; OMB Circular A-133 §__400(d)(4), (5); 15 C.F.R. §§ 14.51(a), 24.26(b)(1),(3); July 2009 NOFA § IX.H; January 2010 NOFA § IX.H).

- Access to Subrecipient Records – A recipient shall require each subrecipient to permit it and auditors to have access to records and financial statements. (OMB Circular A-133 §__400(d)(7); 15 C.F.R. § 24.26(b)(5); July 2009 NOFA § IX.C.3; January 2010 NOFA § IX.C.3; ARRA § 1515).
- A recipient subject to OMB Circular A-133 specifically must consider: (1) whether subrecipient audits necessitate adjustment of its own records (OMB Circular A-133 §__400(d)(6); 15 C.F.R. § 24.26(b)(4)); and (2) the impact of subrecipient activities on its own ability to comply with applicable Federal regulations. (Compliance Supplement, p. 3-M-1).
- A recipient subject to OMB Circular A-133 specifically must monitor cash drawdowns by subrecipients to assure that they conform substantially to the same standards of timing and amount as apply to the recipient. (15 C.F.R. § 24.20(b)(7); Compliance Supplement p. 3-C-1).

Best Practices

- Establish subrecipient monitoring policies and procedures (e.g., an annual monitoring plan) prior to establishing subaward agreements. These procedures should include:
 - Monitoring techniques, which may include regular communications, training, review of single audits, third-party evaluations, review of reports submitted by subrecipients, desk reviews, site visits, or provisions of the award agreement requiring pre-approval for particular expenditures or activities;
 - Methods to ensure award information and compliance information are clearly communicated to subrecipients;





- A tracking system to assure timely submission of required reporting, audits, and onsite monitoring reviews of subrecipients;
 - Standard award documents that include the following information: CFDA title and number, awarding agency name and number, name of Federal awarding agency, and any requirements imposed by laws, regulations, and the provisions of contract or grant agreements; and
 - A recordkeeping system to assure that documentation is retained for the requisite period of time as described at 15 C.F.R. §§ 14.53, 24.42.
- Select monitoring techniques and target resources based upon the risk associated with each subaward.
 - Larger dollar awards (and greater percentages of the recipient's award) pose greater risk.
 - Generally, new subrecipients require closer monitoring. An existing subrecipient may warrant closer monitoring if it has new personnel or new systems.
 - An existing subrecipient may warrant closer monitoring if it has a history of unsatisfactory performance or non-compliance.
 - Non-responsive subrecipients frequently warrant closer monitoring.
 - Programs with complex compliance requirements have a higher risk of non-compliance.
 - Extent of monitoring activities performed thus far for a particular subaward should be considered.
 - Site visits are an especially valuable tool, but they should be planned carefully because they are often more costly than other monitoring activities. When conducting a site visit:
 - Focus on information that cannot be obtained by other than face-to-face communication;
 - Tailor the visit to the information needed from the specific subrecipient;
 - Provide immediate feedback and technical advice; and
 - Follow up after the visit on any concerns identified.
 - Establish a clear subaward agreement with each subrecipient that details responsibilities and expected performance.
 - Document all during-the-award monitoring activities, such as reporting, site visits, or regular contact. This documentation should demonstrate adherence to subrecipient monitoring policies and procedures. Completed checklists are a helpful way to demonstrate that monitoring tools were used.
 - Maintain a separate file for each subrecipient, including the above documentation, plus:
 - Subrecipient indirect cost documentation, if applicable;
 - Subrecipient audits, including copies of the subrecipient audit, proposed corrective action plans, and recipient management decisions on any audit findings;
 - Any actions taken to monitor subrecipient corrective actions; and
 - Any sanctions taken against subrecipients for noncompliance.





Additional Resources

- Monitoring Subrecipients Briefing, U.S. Department of Commerce Office of Inspector General, February 3, 2011, www2.ntia.doc.gov/files/monitoring_subrecipients_webinar.pdf.
- BTOP Fact Sheet, Subrecipients and Contractors, www2.ntia.doc.gov/files/fact_sheet_subrecipients_and_contractors_08182010v2.pdf.
- BTOP Fact Sheet, American Recovery and Reinvestment Act Reporting Tips, www2.ntia.doc.gov/files/fact_sheet_arra_reporting_tips_08102010v2.pdf.
- M-09-21, Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act, §§ 2.2-2.3, www.whitehouse.gov/sites/default/files/omb/assets/memoranda_fy2009/m09-21.pdf.
- Department of Commerce Financial Assistance Standard Terms and Conditions (March 2008), www2.ntia.doc.gov/files/award_docs/DOC-STCsMAR08Rev.pdf.
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.
- OMB Circular A-133 Compliance Supplement (June 2010), www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010.
- Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit and Commercial Organizations, 15 C.F.R. Part 14, <http://oam.ocs.doc.gov/docs/GRANTS/15cfr14.pdf>.
- Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 15 C.F.R. Part 24, <http://oam.ocs.doc.gov/docs/GRANTS/15cfr24.pdf>.
- Single Audit Act of 1996, 31 U.S.C. § 7502(f)(2)(B), <http://uscode.house.gov/downloads/pls/31C75.txt>.

