BTI
Boyce Thompson Institute
for Plant Research

POLICY

Evaluating and Managing Subaward Risk

Topic:	Category:	Policy No:	Effective Date:	Page No:
Sponsored Awards Admin & Mgmt	**Subawards**	**5.70.06**	**12/26/14**	**1 of 2**

Purpose: Subrecipients are assigned a risk level by the Business Office based on their assessment of the subrecipient's ability to administer the award in a timely manner based on the quality of the internal controls as assessed by an external auditor and other sources that may provide insights in assessing the risk.

Policy: Risk assessments for all sub recipients of federal awards will be conducted by the Business Office based on information the organization provides us in the Subrecipient Profile Questionnaire. The risk level of the subrecipient may impact how the budget and other information is submitted at proposal stage, and may affect the type of subaward agreement that is issued at the award stage.

Subrecipients that do not meet the standards could be considered high-risk and BTI would need to consider the potential risks and mitigating strategies for collaborating with these organizations. For example, an organization may be able to develop formal, written policies, or acquire an independent audit of their financial statements within the required time period.

Options for Risk Management
The Business Office will determine the risk level for a subrecipient, and if necessary, consult with the principle investigator (PI) and the department to develop strategies for mitigating the risk. For federal awards, specific strategies are outlined in to OMB 2 CFR 200.207. Options may include one or more of the following:

- Issue a Time and Materials subcontract
- Issue a firm fixed price contract with total payment at the end of the period, when all work has been completed
- Issue a contract that reimburses the subawardee based on completion of milestones
- Audit the Subaward regularly (possibly with the help of MIT's Internal Audit)
- Require receipts to accompany all requests for payment and certification of invoices
- Require quarterly or monthly (financial and or technical) progress reports to monitor progress
- Limit Subawards to non-federal sources of funding only
- Require additional PI monitoring in the form of more frequent technical reporting or,
- Require the organization to obtain technical or management assistance
- Require additional prior approvals, or additional milestones to be met before proceeding with the work
- Plan for site visits to the organization to evaluate technical / administrative capabilities
- Require additional training or support to the subawardee
- Disallow the subaward and seek other options for carrying out the work

POLICY

Evaluating and Managing Subaward Risk

Topic:	Category:	Policy No:	Effective Date:	Page No:
Sponsored Awards Admin & Mgmt	**Subawards**	**5.70.06**	**12/26/14**	**2 of 2**

The Business Office will inform the PI and the subrecipient of these additional management strategies, and where appropriate they will be documented in the agreement as conditions of the subaward at the time that the prime award is allowed.