

SUBRECIPIENT
MONITORING

Office of Grants Management
Research Foundation of SUNY

Stony Brook University

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SECTION 1

DEFINING SUBAWARDS

DEFINITION

- A subaward is a portion of an award that is distributed by the recipient of the original award (pass-through entity) to a third party (subrecipient) to conduct project work in compliance with the project's terms and conditions. Subawards at the RF can take the form of subcontracts or subgrants.
- States, local government, and nonprofit organizations that receive subawards are subject to regulations mandated by OMB Circular A-133, Audits of States, Local Government, and NON-Profit Organizations. The circular establishes uniform audit and monitoring responsibilities for subrecipients subject to the circular.

Definition (con't)

- The Research Foundation has defined a subaward as an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract.
- Subawards may also be called subcontracts, subagreements, purchase orders, subgrants, etc., and they may also have the appearance of procurement agreements in format and language, but they nonetheless remain forms of “financial assistance” and do not constitute what A-110 describes as a “procurement action”.

Definition of Subawards (con't)

- Typical subaward situations include arrangements in which two (or more) qualifying legal entities/institutions are working collaboratively on a sponsored project. Each institution has its own Principal Investigator/Project Director; however, one of the collaborating institutions is the prime awardee with the sponsoring federal agency, the other is the subawardee.

Definition of Subawards (con't)

- A subaward does not include technical assistance in the form of:
 - Loans
 - Loan guarantees
 - Interest subsidies
 - Insurance
 - Direct payments of any kind to individuals
 - Contracts which are required to be entered into and administered under procurement laws and regulations.

Subrecipients Expending \$500,000 or More

- If subrecipients have expended \$500,000 or more in the fiscal year, the RF central office must obtain written notification from the subrecipient that an audit was conducted in compliance with OMB Circular A-133 audit requirements. The RF **OMB Circular A-133 – Written Notification of Audit Compliance letter** or location-specific letter containing the same information can be used.

** Note: May not be received for four to six months after the end of the fiscal year due to time differences with subrecipients fiscal year.*

Documentation and Monitoring Requirements

- Whether an institution issues an agreement as a subaward or as a procurement contract, the arrangement must be made in the form of a legally binding agreement. This agreement must contain all the clauses or other provisions and requirements appropriate to either a subaward or a procurement contract.
- The level of documentation concerning the issuance and performance of a procurement contract should be consistent with the procurement standards requirements of OMB Circular A-110.

Documentation and Monitoring Requirements (con't)

- The level of documentation concerning issuance of subawards, should be consistent with good management practices. These good practices normally include obtaining the following information from the subawardee at the time of proposal or award:
 - A scope of work to be completed by the subawardee
 - A budget that meets the requirements of the federal sponsor and the awarding institution
 - An institutional signature indicating commitment to perform the scope of work proposed, assuring the accuracy and reasonableness of the budget, and agreeing to enter into a subaward if the proposal is funded.
 - All required representations, certifications, and assurances (e.g., human subject assurance).

Documentation and Monitoring Requirements (con't)

- The awarding institution is responsible for providing an appropriate level of its review of the subawardee's scope of work and budget. The normal proposal review process of the institution fulfills this requirement.
- The awarding institution is responsible for maintaining a system for monitoring the activities of subrecipients to ensure that they are complying with the terms of the subaward agreement.

RF Policy on Monitoring Subrecipients

- To ensure that proper stewardship of sponsored funding complies with the applicable requirements of OMB Circular A-133, the awarding institution must, at minimum, review the subrecipient invoices to ensure:
 - Expenditures are in accordance with the approved budget.
 - Amounts calculate and total correctly.
 - There is sufficient detail to permit identification of the cost of items
 - Clarification is provided for unusual, miscellaneous or other charges
 - Expenditure activity is in compliance with applicable laws, regulations, and requirements.

RF Policy on Monitoring Subrecipients (con't)

- The certification statement below is included on the invoice, and must be signed by the subrecipient's authorized fiscal representative. The certification statement reads as follows:

I certify that the invoice is correct and that it does not duplicate reimbursement of costs or services received from other sources. In addition, I certify that reimbursement is requested only for expenditures on items approved by the terms and conditions of the agreement with the Foundation.

RF Policy on Monitoring Subrecipients (con't)

- Prior to invoice payment, approval is obtained from the Principal Investigator to ensure the subrecipient demonstrated satisfactory project performance and progress. The following certification statement must be signed by the PI for each invoice:

The subrecipient has demonstrated satisfactory project performance and progress, and the charges represented on this invoice appear to be appropriate with that progress. As Principal Investigator, I approve this payment.

PI SIGNATURE _____ DATE _____

SECTION 2

- PRE-AWARD PROCESS

OFFICE OF SPONSORED PROGRAMS

Subrecipient Components

- Statement of Work / Scope of Work - Description of the proposed work detailing the portion of the project to be conducted by the subrecipient.
- Budget - A schedule of anticipated expenses with associated costs is required for each budget period.
- Budget Justification – A narrative justifying the need for anticipated expenses (budget), relating their purpose to the scope of work.
- Institutional Endorsement – An institutional endorsement certifying that the subrecipient has reviewed the proposal for its own concerns, both scientific and financial.

Subrecipient Components (con't)

Documentation of Institutional Endorsement

Submission as the subawardee on another institution's grant or submission of a grant with a subaward as part of the proposal is acquired by the following means:

A. Signed Letter – An institutional endorsed letter agreeing to the work relationship proposed between the primary grant institution and the subrecipient institution. This relationship is outlined in the scope of work and research project. Submitted budget for the subrecipient scope of work must be accurate and in accordance with the subrecipient's indirect cost and fringe benefit rates, as approved by their cognizant audit agency.

Subrecipient Components (con't)

Documentation of Institutional Endorsement

- B. Specific Sponsor Forms – Some sponsors, including but not limited to NSF and NIH, utilize an institutionally endorsed Cover Page/Face Page indicating an agreement between the primary institution and the subrecipient for the proposed work. By way of this signature, the subrecipient agrees to the portion of work described and the dollar amount requested on the Cover Page/Face Page. This also assures that the subrecipient institution is in compliance with assurance issues, if applicable.
- C. Assurances – By way of the institutional endorsement, all assurances required by the “sponsor” including but not limited to animals, humans, recombinant DNA, radioactive materials usage, civil rights, debt/debarment, lobbying, conflict of interest, etc...for subrecipient institution, will be acknowledged as pending approval or approved.

FOR ADDITIONAL REQUIREMENTS, REFER TO SPONSOR SPECIFIC GUIDELINES

OFFICE OF SPONSORED PROGRAMS SUBRECIPIENT PROCEDURE

AWARD RECEIVED
PENDING FILE PULLED AND GIVEN TO
GRANT ADMINISTRATOR OR CONTRACT ADMINISTRATOR

ESTABLISH AWARD

1. Action sent to AEU to establish award on Oracle Business System & create Task to hold all Subcontractor Funds
2. Requisitions & memo prepared and sent to P.I. by OSP Administrator

REQUISITION RECEIVED BACK FROM P.I.
OSP SUPPORT STAFF LOGS IN REQUISITION
FORWARDS TO ADMINISTRATOR

ADMINISTRATOR REVIEWS TO SEE IF
SUBCONTRACT TASK WAS
ESTABLISHED, FUNDED, AND FUNDS
ALLOCATED. INTERNAL YELLOW
BUCKSLIP INITIALED

If NO task established or if contract is modified:
ACTION FORM SUBMITTED TO AEU
ADMINISTRATOR CHECKS ABSTRACT

ADMINISTRATOR COMPLETES SUBRECIPIENT MONITORING
CHECKLIST

ADMINISTRATOR PREPARES CONTRACT
AND MAILES CONTRACT TO SUBRECIPIENT

SIGNED CONTRACT IS RETURNED TO OSP FROM SUBRECIPIENT

CONTRACT LOGGED IN AND FORWARDED TO ADMINISTRATOR

AFTER REVIEW, ADMINISTRATOR RETURNS ORIGINAL CONTRACT & REQUISITION TO
OSP SUPPORT STAFF FOR COPYING

GRANTS MANagementsPECIALIST REVIEWS & SIGNS REQUISITION, THEN
FORWARDS
TO PROCUREMENT FOR P.O. & ENCUMBERING

COPY OF CONTRACT
SENT TO P.I.

ORIGINAL CONTRACT
TO GRANTS
MANAGEMENT SPECIALIST

SECTION 3

- POST AWARD PROCEDURE

Post Award Procedure

- Upon receipt of the completed Research Foundation purchase requisition from the Office of Sponsored Programs (OSP), the Principal Investigator reviews, signs and returns the purchase requisition to the Contract Administrator in OSP.
- Upon completion of review, the Contract Administrator forwards the purchase requisition and signed contract to the Grants Management Specialist in the Office of Grants Management (OGM).

Post Award Procedure (con't)

Purchase Requisition and Contract Review

- The purchase requisition and subaward contract are date stamped and distributed to the Grants Management Specialist (GMS) after noting the following information:
 - Campus Department
 - Principal Investigator
 - Total direct cost balance in subaward task
 - Sponsor
 - Termination date of the subaward task

POST AWARD PROCEDURE (con't)

Purchase Requisition and Subaward Contract Review

- GMS review of the purchase requisition and subaward contract:
 - Determine if subaward contract is new or modifying an existing contract
 - Ensure that sufficient funds are available in the subaward task by comparing the subaward contract budget to the oracle system
 - Review subaward contract period to ensure dates fall within the sponsored award and task period
 - Verify signature of OSP and the subrecipient official on the subaward contract document
 - Verify authorized signature of Principal Investigator on purchase requisition

POST AWARD PROCEDURE(con't)

Purchase Requisition and Subaward Contract Review

- Determine if subrecipient requires advance payment
- Review the budget and scope of work to become familiar with the project
- Review terms and conditions of subaward contract and prime sponsor
- Determine allowable time frame for receipt of final invoice
- Review for cost share requirement
- Determine if IDC was accounted for on the first \$25,000 in a previous award number

POST AWARD PROCEDURE (con't)

Purchase Requisition and Subaward Contract Review

- Upon completion of purchase requisition/subaward contract review:
 - GMS signs purchase requisition and forwards to the Manager of Sponsored Project Expenditures for second review and signature
 - Purchase requisition and subaward contract are scanned into the award file in Document Desk (imaging system)
 - Original purchase requisition and subaward contract are forwarded to the Procurement office for encumbering
 - Procurement emails purchase order information to OGM

POST AWARD PROCEDURE (con't)

Purchase Requisition and Subaward Contract Review

- Payments to subrecipients normally are made only after service is rendered and costs associated are reviewed and approved. Advance payments to a subrecipient are not the norm although federal sponsors may afford the prime recipient short-term working capital under the letter of credit mechanism. Advance payments may be made by the prime recipient under unusual circumstances. These circumstances may include subcontracting with a small or foreign entity that does not have a cash reserve in order to initiate the proposed work or work done under a sponsor that allows for cash advances to both the prime and lower –tier recipients.

POST AWARD PROCEDURE (con't)

Purchase Requisition and Subaward Contract Review

- The equipment provision should specify where and with whom title to equipment purchased under the subagreement ultimately will vest. Absent any sponsor requirements for vesting of title, the prime recipient is authorized to allow the subrecipient to retain ownership. Only in rare instances would the prime recipient retain title to equipment purchased by the subrecipient; for example, the prime recipient might retain the equipment to continue the project beyond the termination of the subrecipient agreement.

Subaward Invoice Review

- Subaward invoices are sent to the Manager of Sponsored Project Expenditures in OGM from the subrecipient and routed to the GMS.
- The GMS reviews the invoice to ensure the following:
 - The invoice detail is correct according to the approved budget and amounts calculate and total correctly
 - Sufficient detail is provided to permit identification of cost items. (If insufficient, contact subrecipient fiscal representative for additional information)
 - Clarification is provided for unusual miscellaneous or other charges

Subaward Invoice Review (cont)

- Expenditures are in compliance with applicable laws, regulations and sponsor guidelines
- Proper authorized indirect cost rate is applied
- Sponsor specific terms and conditions are adhered to
- Itemized costs are allowable on restricted line item budgets
- Invoice is certified by the appropriate fiscal representative at the subawardee institution
- Invoice dates are within the subaward contract period
- When final Invoice is less than encumbered balance, the balance is disencumbered and returned to the award

Subaward Invoice Review(cont)

- Subaward invoice is approved by the Principal Investigator and is certified as follows:

The subrecipient has demonstrated satisfactory project performance and progress, and the charges represented on this invoice appear to be appropriate with that progress. As Principal Investigator, I approve this payment.

PI SIGNATURE _____ DATE _____

- The attached A-133 Subrecipient Monitoring checklist is completed by the GMS and accompanies the invoice to the Accounts Payable office for payment.
- Invoice is entered onto subaward spreadsheet in Document Desk and copy is scanned into the subaward folder

Subrecipient Monitoring Checklist for Invoice Review



GMS - Monitoring Actions for Subawards	
Subrecipient Name:	Comments:
Award #	
P.O. #	
Invoice #	Invoice Date:
<input type="checkbox"/> Review Invoices	
<input type="checkbox"/> Amount is correct and in accordance with budget	
<input type="checkbox"/> Sufficient detail is provided to permit identification of costs (Itemized)	
<input type="checkbox"/> Expenditures are in compliance with applicable laws, regulations and sponsored guidelines	
<input type="checkbox"/> Proper IDC Charge	
<input type="checkbox"/> Proper authorization by the PI	
<input type="checkbox"/> Other special terms and conditions that may apply	
<input type="checkbox"/> Budget Line-Item Exits	
<input type="checkbox"/> Invoice is certified by subrecipient	
<input type="checkbox"/> Invoice dates within subcontract period	
<input type="checkbox"/> Request backup documentation to support invoiced expenditures	
<input type="checkbox"/> Copies of paid invoices	
<input type="checkbox"/> Detail of travel charges	
<input type="checkbox"/> Payroll registers	
<input type="checkbox"/> Time and effort reports	

REFERENCES

- OMB Circular A-21
http://www.whitehouse.gov/omb/fedreg/2005/083105_a21.pdf
- OMB Circular A-133
- <http://www.whitehouse.gov/omb/circulars/a133/a133.pdf>
- Research Foundation Portal
- <https://portal.rfsuny.org/portal/page>
- A guide to Managing Federal Grants for Colleges and Universities / Section 2600:Managing Subrecipient Awards
Section 2633.4.5, Pg. 24
Section 2633.4.10, Pg. 27