



Subrecipient Monitoring Procedures

I. PURPOSE:

To provide reasonable assurance that subrecipient awards are being administered in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals, as required by OMB Uniform Guidance 2 CFR, Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), and Audit Requirements for Federal Awards section 200.331.

II. DEFINITIONS:

Award: An award is financial assistance in the form of a grant or contract with a defined scope of work that provides support to accomplish a set purpose.

Federal Audit Clearinghouse: Division of the Office of Management and Budget (OMB) that collects information on Single Audit (formerly A-133) results.

FFATA Reporting: The Federal Funding Accountability and Transparency Act which requires Prime Recipients to report Subawards.

Pass through entity (PTE): A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Prime Sponsor: The agency or entity that provides funding for the initial grant/contract.

Subaward/Subcontract/Subgrant: A subaward is an award of financial assistance from a prime awardee to a qualified organization or, rarely, an individual, for the performance of a substantive portion of the programmatic effort under the sponsored project. It does not include procurement of goods and services purchased under an award, as the providers of these goods and services have no programmatic responsibility.

Subrecipient: The legal entity to which a subaward is made by UCCS and which is accountable to UCCS for the use of the funds provided.

Subrecipient Monitoring: Subrecipient monitoring includes the oversight of activities undertaken by the prime recipient that provides reasonable assurance that subawards made are being administered in compliance with laws, regulations, and the provisions applicable to the grant or contract agreement.

Subrecipient Audit: An audit of the entity to which a subaward is made.

III. PROCEDURES:

Subrecipient monitoring requires a team effort involving the Office of Sponsored Programs and Research Integrity (OSPRI), Sponsored Projects Accounting (SPA), the Principal Investigator/Project Director (PI/PD), and the Department Administrator/Grant Administrator. **However, the primary responsible party is the Principal Investigator (PI).**



Initial Risk Assessment: The subrecipient completes and submits the required subrecipient commitment form and associated documents for the proposal submission. Components of the subrecipient package include but are not limited to:

- Statement of Work
- Budget and Budget Justification
- Letter of Commitment signed by an authorized representative
- Biosketches of all key personnel, in agency-required format
- Cost share documentation, including budget if applicable
- Other sponsor required materials
- F&A rate agreements
- Human and/or animal subjects or biosafety issues
- Certification of institutional Conflict of Interest policies
- Verification of debarments, suspensions, and active agency exclusions
- Certifications by authorized officials
- Verification of compliance with audit requirements (2 CFR Part 200, Subpart F)

OSPRI, in collaboration with the PI and the subrecipient institution coordinates and compiles all required documentation for the subrecipient package. Based on the information provided, OSPRI, in collaboration with SPA, determines the risk level to be low, medium, or high. The level of risk determines the level of UCCS monitoring required when the subaward is issued.

Risk assessment occurs throughout the subaward as a part of the team effort of OSPRI, SPA, the PI/PD, and the Department Administrator/Grant Administrator outlined in the responsibilities.

Office of Sponsored Programs and Research Integrity (OSPRI) Responsibilities:

OSPRI reviews and approves certain high risk subrecipients at the proposal stage and as necessary during the life of the award; ensures that the University's subrecipient monitoring procedures comply with federal and other applicable regulations and are applied consistently; and regularly reviews subrecipient risk assessments, and reviews results of subrecipient risk findings, corrective action plans, and other issues brought to the subrecipient's attention. OSPRI will also provide training and guidance to the PIs on interpreting regulations and subrecipient award terms and conditions.

- Perform risk analysis prior to issuing a subaward/subcontract agreement
- Prepare the agreement, incorporating terms and conditions consistent with the risk level identified
- Record agreements in FFATA, as applicable
- Track all subcontracts that are issued on grants/contracts
- In cases of continued inability or unwillingness of a subrecipient to have the required audits, or to submit requested documents, take appropriate action using sanctions, which may include termination of the subaward/subcontract/subgrant

Sponsored Projects Accounting (SPA) Responsibilities:

SPA reviews certain high risk subrecipients as necessary during the life of the award; ensures that the University's subrecipient monitoring procedures comply with federal and other applicable regulations and are applied consistently; and regularly reviews subrecipient risk assessments, develop monitoring



plans, and reviews results of subrecipient risk findings, corrective action plans, and other issues brought to the subrecipient's attention. SPA will also provide training and guidance to the Departmental Administrators on interpreting regulations and subrecipient award terms and conditions. Track all subcontracts that are issued on grants/contracts.

- Annually request single audit certification and/or report (subrecipient audits) from each subrecipient if audit is not in the Federal Audit Clearinghouse (FAC), as required by OMB 2CFR200.501
- Review certifications/reports for audit findings. Review entities' audit and findings within the FAC
- If audit findings, follow-up with the subrecipient's response and resolution
- Issue a management decision on audit findings, if any, within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action
- Consider whether audits of subrecipients necessitate adjustment of UCCS's records and/or continued contractual activities
- Compile a summary report by the end of December of each year, with a copy to OSPRI.

Principal Investigator/Project Director (PI/PD) Responsibilities:

PIs have the primary responsibility of monitoring subrecipient's work progress and overall subaward compliance. Securing the completed subrecipient commitment form from the proposed subrecipient prior to proposal submission.

- Upon award, completing the *Request for Subrecipient/Subcontract Agreement* and forwards to OSPRI
- During the award, UCCS PI/PD monitors the subrecipient's use of awards to provide reasonable assurance that the subrecipient complies with Federal regulations and the award terms and conditions of both the prime recipient and subrecipient achieves subaward performance goals. Monitoring will be conducted through the use of:
 - Reporting – review performance reports for content as well as timeliness. Any issues must be documented, investigated, resolved, and the documentation retained in the PI/PD Department's files.
 - Invoices - Attachment B may be used to assist in ensuring accurate and consistent review of invoices from the subrecipient; **Attachment C must accompany all invoices for payment.** It is suggested that Attachment C serve as page one of the invoice when submitting it to apinvoice@cu.edu.
 - The PI must verify for each invoice that the work is completed in a satisfactory manner and there is adequate progress on the subaward compared to costs incurred.

Additional monitoring may be done through the use of:

- Contact – regular contacts with a subrecipient and inquiries concerning subaward activities

Site Visits – if necessary, visiting subrecipient work site or place of business to review financial and program records along with observing operations

- If the PI becomes aware of any issues of noncompliance with respect to the Subaward terms, the PI must immediately notify OSPRI and SPA staff of the noncompliance.
- The PI should communicate with OSPRI and SPA any change in expectations of



performance of work, payment terms, change in key personnel, reporting requirements, budgeting, deliverables, etc. If work stops or there is a change in the scope of work, OSPRI and SPA should be notified, and appropriate agreement changes implemented.

Department Administrator/Grant Administrator Responsibilities:

UCCS Department Administrators who are charged with assisting PIs with their sponsored projects assist PIs in their monitoring responsibilities, review subrecipient invoices, ensure timely receipt of programmatic reports, identify, and follow up on questioned expenditures, if necessary, and maintain documentation of all monitoring efforts.

The Department Administrator must review each subrecipient invoice for the following and retain documentation of this review in the Department's files:

- Costs are reasonable, accurate, allowable, allocable, and properly documented.
- Costs on a cost-reimbursable project have been charged based upon actual expenses, rather than an allocation of the budget. (For example, billing exactly 1/12 of the budget per month is usually not allowable.)
- F&A costs have been calculated correctly.
- Cost-sharing requirements are being met and reported regularly throughout the life of the Subaward.
- Fixed price invoices identify deliverables/tasks which are being billed, award amount for each deliverable/task, and timeline/due dates (if any) for the deliverables/tasks.
- Approve invoices within Marketplace if they have the approver role.
 - Ensure PI approval form is attached to the invoice in Marketplace

Request the subrecipient provide clarification of invoiced charges that appear unusual, excessive, or otherwise questionable. May request detailed justification to verify the costs are allowable.



Attachment A

Subrecipient Monitoring

Guidelines for Monitoring Based on Risk Level

In collaboration with SPA, the PI, and the subrecipient institution, OSPRI coordinates and compiles all required documentation for the subrecipient package. OSPRI, in collaboration with SPA, determines the risk level to be low, medium, or high. The level of risk determines the level of UCCS monitoring required when the subaward is issued. The level of risk determines the level of monitoring required by UCCS once the subaward is issued.

Low Risk

- SPA reviews audit reports and evaluate any findings; and
- Department/Grant Administrator and PI review subrecipient invoices to insure that:
 - Work is performed within the project period (and any applicable budget periods).
 - They are complete and accurate.
 - The expenditures are allowable per subaward budgets
 - University's PI approves as acceptable to issue payment

Medium Risk - Perform all review steps as listed in the “Low Risk” category in addition to the following:

- SPA determines how material any audit findings are in the audit reports and whether they pose an increased risk to the subrecipient's abilities to comply with and carry out their Statements of Work.
- Department/Grant Administrator and PI request expenditure detail as supporting documentation for invoices on a monthly or quarterly basis, and evaluate documentation received for sufficiency.
- Department/Grant Administrator and PI request and review financial and programmatic reports more frequently, if possible.

High Risk - Perform all review steps as listed in the “Low Risk” and “Medium Risk” categories in addition to the following:

- Department/Grant Administrator and PI request expenditure detail as supporting documentation for all invoices.
- PI maintains regular contact with subrecipient's PI to ensure subrecipients are meeting programmatic expectations and document communication in subaward files.
- SPA may perform desk review, or a site visit as appropriate.
- Department/Grant Administrator, PI, and SPA will determine if withholding payments to subrecipients is necessary.



Attachment B

Subrecipient Monitoring

Guidelines for Departmental/PI/PD Review of Invoices from Subrecipients

The following checklist is a guide for reviewing subrecipient invoices. If you have questions regarding the accuracy and/or allowability of the expenses invoiced, ask the subrecipient for additional information and DO NOT APPROVE the invoice for payment until all items are resolved appropriately. Please contact the Office of Sponsored Programs and Research Integrity (OSPRI) or Sponsored Projects Accounting (SPA) with questions and/or assistance.

Step Complete?	Review Step
	1) Calculate the total expenses. Does the total amount invoiced agree with the total of expenses listed by budget category? Their invoice should have a total invoice amount and also, for cost-reimbursement agreements, detail of the expenses by budget category. Check the totals with a calculator to ensure the invoiced totals are correct.
	2) Is the F&A calculated accurately, with the correct and agreed upon rate for the subrecipient? Some expenses are exempt from F&A charges. Ensure the F&A calculated agrees with the methodology in the budget and only includes expenses that can be charged F&A. Examples of expenses that may be exempt from F&A include: <ul style="list-style-type: none"> • Capital equipment expenses (\$5,000 or more per individual item with a useful life of one year or more) • Participant Support Costs, associated with workshops and training grants • Tuition
	3) Does the direct expense subtotal plus F&A subtotal agree with the total invoice amount?
	4) Were all expenses incurred within the subagreement start and end dates? Ensure that the dates on the invoice are within the award's period of performance. If you have received copies of receipts for any of the expenses on that invoice, ensure they were incurred during the period of performance.



	<p>5) Are the expenses in agreement with the subagreement budget? If there have been changes to the budget, ensure the changes are in agreement with the programmatic objectives and allowable per the Prime Sponsor. Some awards require prior approval from the Sponsor for budget changes</p> <ul style="list-style-type: none">• Are the expenses that are invoiced included in the subcontract budget? The subrecipient should only invoice for approved expenses per the subcontract or ask for approval of changes.• Are the cumulative expenses per budget category in agreement with the budget amount per category?• Does the total spent per budget category agree with the subcontract budget categories?• Has the subrecipient overspent in one budget category and underspent in another budget category? For example, are they charging less in salaries but more laboratory expenses?
	<p>6) Are the expenses in agreement with the programmatic plan or work completed to date? (The programmatic plan will be described in the proposal SOW, along with the planned timetable. Any agreed-upon changes to the plan would be in writing and would be filed with the subrecipient agreement and other paperwork). Expenses invoiced should agree with the work incurred if the agreement is a cost reimbursable contract.</p> <ul style="list-style-type: none">• Were there programmatic changes that would cause changes to the types of expenses? For example, if the programmatic changes resulted in eliminating the need for study subject payments, subcontractors to the subrecipient, or consulting, the invoices should not contain these types of expenses.• Is the subrecipient invoicing for salaries during a time when it is known that no work should be occurring due to the programmatic plan? For example, the subagreement involves holding summer camps with all effort occurring during May through September. The subrecipient should not invoice salary costs that were incurred during January.
	<p>7) Are the expenses allowable per the subagreement and the prime award? Remember the prime award requirements and budget restrictions flow down to the subrecipient. If there are specific disallowances listed in the prime award, these will also apply to the subrecipient.</p> <p>The following are examples of sensitive expenditures. If these types of expenses are invoiced, ensure that the subcontract explicitly approved these expenses as allowable per the prime award:</p> <ul style="list-style-type: none">• Food/Official functions• Honorarium



	<ul style="list-style-type: none">• Study subject payments – ensure appropriate IRB approvals occurred.• Local telephone service• Postage• Office supplies• Membership Dues• Administrative salaries• If the prime agreement will not pay for tuition remission or general fringe benefits, the subrecipient should not invoice for such expenses• If the prime does not allow travel expenses, the subrecipient should not invoice for travel related expenses.
	<p>8) For a cost reimbursable subagreement, are expenses charged based on actual expenses, or does it appear to be an allocation of the budget? For example, are the invoices consistently the same amount each month or always round dollar amounts? Cost reimbursable subagreements require invoicing based on actual expenses only. If you suspect an allocation is occurring, you can ask for receipts or other documentation to substantiate their charges.</p>
	<p>9) Does the invoice contain the following statement and is it signed by the subrecipient? (These are requirements of 2 CFR Part 200)</p> <p><i>“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).</i></p>
	<p>10) If the subagreement includes cost sharing requirements, does the invoice contain the required cost sharing information? Cost sharing expenses must follow the same rules as the expenses paid by the prime award. Ensure the cost sharing expenses comply with the agreement, including amounts and types of expenses.</p>



	<p>11) Has the PI/PD signed the Subrecipient/Subcontractor Invoice Approval? If the Departmental Administrator is responsible for reviewing invoices for accuracy and ensuring payment is processed, make sure the PI/PD approves. Some items above (such as #6) may only be evaluated by the PI/PD or other person directly involved in the overall technical conduct of work. The PI/PD is ultimately responsible for expenditures.</p>
	<p>12) Once the invoice has been reviewed and approved by the PI/Grant Administrator, email the invoice, attaching the subrecipient/subcontractor invoice approval form signed by the PI to apinvoice@cu.edu, making sure the PO number is referenced on the invoice. Receiving is required when the PO total is over \$10,000, regardless of the amount of each invoice. Standing Purchase Order (SPO) invoices require approval – no matter the amount of the invoice – in order to pay. An email notification from CU Marketplace will be sent to the Requestor and the appropriate Approver(s) when an SPO invoice is entered and pending approval.</p>

REMEMBER: IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED

