

Subrecipient Monitoring Procedures

Related Policy: [Subrecipient Monitoring Policy](#)

Pre-Issuance Subrecipient Risk Assessment

Prior to issuing a subaward, a risk assessment of the subrecipient is performed to determine what measures (e.g. additional monitoring procedures, special terms and conditions) need to be taken to establish appropriate monitoring procedures. Office of Research and Sponsored Programs (ORSP) assesses risk of the subrecipients at the proposal stage and as necessary during the life of the award. In evaluating risk, items such as the following should be considered:

- Financial stability
- Quality of management systems and ability to meet the management standards (i.e. internal controls)
- Whether the subrecipient has new personnel or new or substantially changed systems
- Reports and findings from audits
- Prior experience with the subrecipient

Upon disclosure to ORSP by UMB's Principal Investigator (PI) during the submission process of the intent to collaborate with another entity, the PI, Pre-Award Grant and Contract Administrator (GCA) and departmental staff will initiate and coordinate contact with the collaborator to secure an institutionally endorsed subaward proposal package. This package will include the [Subrecipient Commitment Form \(SCF\)](#) and [Audit Certification and Financial Status Questionnaire \(FSQ\)](#).

This proposal package will aim to meet the institutional requirements of UMB and the subaward entity, the OMB Uniformed Guidance and the program application requirements for compliance. The GCA will perform and coordinate three essential components of the pre-award subawardee proposal review including:

1. Review of institutionally endorsed [Subrecipient Commitment Form \(SCF\)](#) and proposal documentation with institutional concurrence before submission.
2. Review of complete [Audit Certification and Financial Status Questionnaire \(FSQ\)](#) before submission.
3. Preparation of [Subrecipient Risk Analysis Checklist](#) during the proposal stage and risk level assignment before issuing subagreement. The subrecipient will be assigned a risk level. Subrecipients will be classified high or low risk.

The GCA and PI will request the completion of UMB's SCF, which must include an authorized official's signature and the requested attachments and supporting documentation listed within the SCF. GCA will also secure and review the FSQ prior to the final submission of the proposal to the sponsor. The GCA will utilize the SCF and FSQ to complete the [Subrecipient Risk Analysis Checklist](#) and file the documents within the ORSP proposal file.

Upon notice of an award which includes a subaward(s), the GCA will establish a subaward/subcontract agreement with the collaborating entity, working with the PI and departmental staff. The GCA will address the following subrecipient monitoring responsibilities when issuing a subaward agreement draft to the collaborating entity:

1. Makes case-by-case determinations as to whether each agreement made for the disbursement of funds casts the party receiving the funds in the role of a subrecipient or a contractor. (See [Subrecipient vs Contractor Classification Guidance Document](#)).
2. Verifies that the subrecipient and the Principal Investigator (PI) of the subrecipient have not been debarred or suspended from receiving federal funds. This check will be done prior to issuing the initial subaward and for any subsequent amendment.

3. For subrecipients with a "high" risk rating based on the completed *Subrecipient Risk Analysis Checklist*, ORSP (both pre-award and post-award), in consultation with the PI (as necessary), determines special conditions to be included in subaward agreement. The award conditions may include the following:
 - Disallowing advance payments
 - Change from cost-reimbursement invoices to fixed price milestone/deliverable invoicing upon completion of certain tasks
 - Withholding authority to proceed to the next phase until evidence of acceptable performance within a given period of performance is received
 - Requiring additional, more detailed financial reports
 - Specified frequency for technical reports, e.g. monthly or quarterly
 - Requesting supporting documentation for invoices
 - Requiring additional project monitoring
 - Exercising right to audit or site visits
 - Requiring attendance at technical or management assistance training
 - Establishing additional prior approvals
 - Require third-party evaluations
4. ORSP notifies the department and PI of the determination. If additional requirements are imposed, ORSP notifies the subrecipient as to:
 - The nature of the additional requirements
 - The reason the additional requirements are being imposed
 - The time allowed for completing the actions, if applicable
 - The nature of the action needed to remove the additional requirement, if applicable
 - The method for requesting reconsideration of the additional requirements imposed

A copy of executed subrecipient agreement will be emailed by the Post Award Research Administrator (PARA) to the UMB PI, UMB department staff in a memo titled "**PI/Department: New Subaward-Subrecipient Monitoring Responsibilities**" along with the following links:

- [Subrecipient Monitoring Policy](#)
- [Subrecipient Monitoring Procedure](#)
- [Subrecipient Invoice Review Checklist](#)
- [Sponsored Research Roles & Responsibilities Matrix](#)

Subrecipient Invoice Review and Approval

The risk level of subrecipients, as classified on the [Subrecipient Risk Analysis Checklist](#) prepared by the GCA, determines the level of monitoring. For low risk subrecipients the financial contact in *FDP Subaward Agreement attachment 3A* is the departmental administrator. In these cases, invoices are received and reviewed by department personnel, approved/signed by the PI, and sent to Accounts Payable for payment on the Purchase Order already established. For high risk level subrecipients, the financial contact in *FDP Subaward Agreement Attachment 3A* is the ORSP Post Award Manager. Invoices are received by the Post Award Manager to ensure compliance with subaward agreement Terms and Conditions. Upon satisfactory completion of the Post Award Manager's review and resolution of any issues, the invoice is emailed to department personnel, approved/ signed by the responsible PI, and sent to Accounts Payable for payment on the established PO. The [Subrecipient Invoice Review Checklist](#) should be used as a guide for reviewing subrecipient invoices.

Annual Review of Subrecipient Audits

Annually, the Post Award Manager will run a report from PeopleSoft (*UMBOSA133RDSubrecipientExpenditure* Report) identifying the institutions which subaward agreements were issued. Under the Post Award Manager's direction, the PARA will:

- Email an *Single Audit Request Letter* to each subrecipient;
- Maintain a record of all subrecipient responses, noting any problems or missing information FY- Subrecipient Certification Log on ORSP shared drive.

- Identify subrecipient findings:
 - If none identified, confirm in the Federal Audit Clearinghouse.
 - If findings disclosed by the subrecipient, or identified in the Federal Audit Clearinghouse, report to Post Award Manager.

A completed [Audit Certification and Financial Status Questionnaire \(FSQ\)](#) and audited financial statements will be required for those who are not subject to the Uniform Guidance audit requirements (typically international entities and small businesses and institutions (less than \$750,000 in federal funds per fiscal year).

The PARA maintains a record of all subrecipient responses, noting any problems or missing information via an Excel file. The PARA will contact subrecipient every 30 days to ensure responses are received. The PARA will bring all problems or missing information to the attention of the Post Award Manager.

Invoice payments will be held back for any subrecipient who does not respond and will continue only when their subrecipient responsibilities have been met. Post Award Billing & A/R will coordinate this action with Post Award Operations, the PIs and/or Department Research Administrators, when appropriate.

The Post Award Manager determines relevance and establishes a mitigation plan for findings and collaborates with GCA to implement necessary amendments to existing subaward agreements. Instances of non-compliance and/or material weaknesses documented in the audit will be noted on the *Subrecipient Monitoring Findings - Management Decision Log*.

The Post Award Manager will issue a management decisions on audit findings directly related to UMB prime awards within six months of acceptance of the audit report ensuring that subrecipients take appropriate and timely corrective action. To monitor the implementation of any such Corrective Action Plan, the Post Award Manager may ask the subrecipient for progress updates, additional documentation, or permission to perform a site visit. If no progress is apparent after one year, appropriate sanctions will be imposed against the noncompliant subrecipient, including but not limited to suspension of further funding until compliance is satisfactorily attained. Appropriate sanctions will be determined on a case-by-case basis by Post Award Manager after consulting with the Principal Investigator.

Related Links

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