

Subrecipient Monitoring

Presented by:

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OBFS Grants and Contracts

Course Description

This course will detail roles and responsibilities of the Office of Research Services, Grants and Contracts Office, Principal Investigators and Business Managers for ensuring that subrecipient monitoring procedures are properly followed to be in compliance for sponsored awards.

During the session, two new tools will be presented to assist in ensuring compliance with subrecipient monitoring responsibilities.

This course is intended for people with subawards.

Overview

- Background Information
 - Definitions
 - What is Subrecipient Monitoring
 - Federal Regulations
- Roles and Responsibilities Including Invoice Review
- Subrecipient Monitoring Tools
- Monitoring at Closeout

Learning Objectives

At the end of this session, you will be able to:

- Describe the process of subrecipient monitoring and its Federal regulations.
- Discuss why subrecipient monitoring is important.
- Define roles and responsibilities associated with subrecipient monitoring.
- Review best practices for effective subrecipient monitoring.

Subrecipient Monitoring

BACKGROUND INFORMATION

Definitions

- **Subrecipient** is a legal entity that receives Federal assistance via a subaward from UIC to carry out various components of a program awarded to a prime recipient.
- **Subaward** is a legal agreement issued by UIC to a subrecipient to perform agreed upon portions of the scope of work as stated or outlined in the prime awardee's funded proposal.

***Important:** A subaward does not involve the procurement of goods or non-research services.*

Background Information

Institutional Responsibility

Whenever UIC issues subawards to other entities, UIC must monitor the subrecipient to ensure its compliance with Federal laws and regulations.

Through subrecipient monitoring, UIC ensures:

- Federal awards are used for authorized purposes.
- The provisions of contracts or grant agreements are adhered to.
- Performance goals are achieved.

Background Information (cont.)

- Subrecipient monitoring is a shared responsibility among the Principal Investigator, Department Administrator, and the Central Office.
- All of these parties provide the necessary checks and balances to ensure compliance with Federal regulations.



What is Subrecipient Monitoring?

Defined mythology used to ensure that:

- Subrecipients are qualified to received and appropriately spend Federal funds.
- Subrecipients conduct their portions of the research projects in compliance with all governing regulations.
- Expenses are reasonable and allowable as set forth by the standards stated by the sponsor and the government.

Why Monitor?

Subrecipient monitoring is required by the
law!



Federal Regulations

The following regulations guide subawards and subrecipient monitoring:

- **OMB Circular A-110**

The grant recipient must monitor each program, function or activity funded with Federal dollars including subawards.

- **OMB Circular A-133**

The grant recipient must monitor activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes and that performance goals are achieved.

Forms of Monitoring Activity

- **Reporting**
Review financial invoices and performance reports submitted by subrecipient.
- **Site Visits**
Perform site visits at the subrecipient's location to review financial and/or programmatic records.
- **Desk Reviews**
Obtain and review supporting documentation from subrecipient for questionable costs.
- **Regular Contact**
Contact subrecipient regularly and make appropriate inquiries concerning program activities.

Poll Time



Consequences of Poor Monitoring

- Negatively impacts the quality of service
- Increases risk of non-compliance
- Possible disallowed cost
- Lost of Federal funding
- Audit exceptions and/or questions about costs

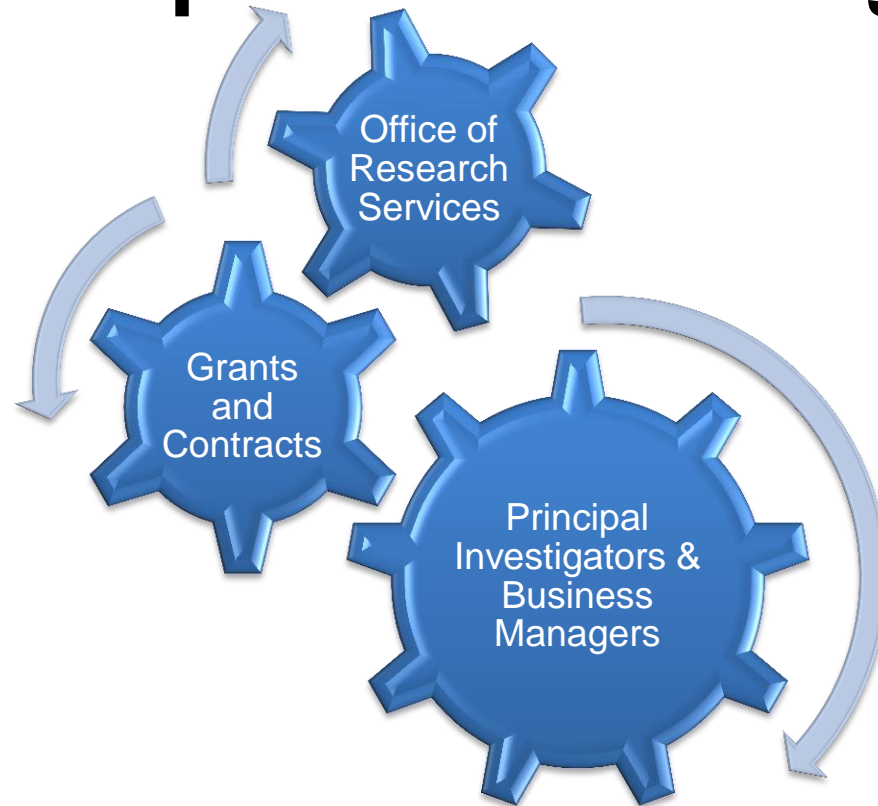


Yes, the three-thousand T-shirts arrived for the meeting. You better get down here!

Consequences of Poor Monitoring (cont.)

- **George Washington University (GWU)**
 - Payments were made to fake subcontractors.
 - GWU agreed to \$1.8 million settlement with Department of Justice.
 - Former Principal Investigator stole nearly \$1 million and was sentenced to prison.
- **University of Illinois at Chicago (UIC)**

Who Is Responsible For Subrecipient Monitoring?



This session will focus mainly on the Principal Investigator's and Business Manager's roles and responsibilities.

Roles and Responsibilities

OFFICE OF RESEARCH SERVICES (ORS)

ORS Responsibilities

- Review subrecipient proposals and certifications, including financial conflict of interest, at the time of proposal.
- Provide Federal award information, e.g., CFDA title and number, award name, and name of Federal agency to subrecipients.
- Inform the subrecipient of applicable compliance requirements, including any appropriate flow-down provisions from the prime agreement.

Roles & Responsibilities

GRANTS & CONTRACTS OFFICE (GCO)

Grants and Contracts Office (GCO)

GCO is responsible for the oversight of subrecipient monitoring and for ensuring that the Institute's subrecipient monitoring procedures are compliant with Federal and other applicable regulations.

GCO Responsibilities

- Ensure that A-133 audits are completed and reports are received.
- Facilitate subrecipient monitoring through risk analysis.
- Review A-133 audit reports to determine if findings pertain to UIC. If so, review and monitor any corrective actions taken.
- Inform Principal Investigators and ORS of high risk agencies.
- Issue a management decision within 6 months.

Role & Responsibilities

PRINCIPAL INVESTIGATORS

Principal Investigator

The Federal Government places the primary responsibility for management of Federally funded projects with the Principal Investigators.

Although Principal Investigators have **primary responsibility** for monitoring the technical progress and claimed costs of subrecipients, it is understood that some of this responsibility is frequently delegated to Business Managers.

Principal Investigator Responsibilities

- Determine and take the appropriate steps when a subaward needs to be issued and amended.
- Review and document subrecipient's qualifications.
- Ensure subrecipient's costs are reasonable.
- Certify/Approve all subrecipient's invoices in consultation with the Business Manager.
- Maintain documentation to support monitoring activities.

Principal Investor Responsibilities (cont.)

- Monitor subrecipient's performance to ensure satisfactory conformance with subrecipient's Statement of Work through frequent communications.
- Receive and review technical reports.
- Facilitate closeout, i.e., final technical/programmatic reports and final invoice.

IMPORTANT: *If there are technical deficiencies that may require the Principal Investigator to consider terminating the subaward, they must be documented in writing and forwarded to ORS.*

Role & Responsibilities

BUSINESS MANAGERS

Business Manager Responsibilities

- Provide assistance to Principal Investigators with their monitoring responsibilities.
- Maintain documentation of monitoring efforts (copies of e-mail messages, phone logs, etc.)
- Ensure all required subrecipient financial and closeout documents are current.
- Monitor effort and cost share commitments (if required).

Business Manager Responsibilities (cont.)

- Monitor subrecipient's invoices to ensure that costs are appropriate, certified by an authorized official, and paid on a timely basis.
- Review invoices to ensure they are:
 - within the parameters of the award budget.
 - used for authorized purposes.*
- Investigate questionable expenditures if necessary.

**The following "Assuring Funds..." slides will detail steps to assure that funds are used for authorized purposes.*

Poll Time



Assuring Funds are Used for Authorized Purposes



Assuring Funds are Used for Authorized Purposes

Review invoices:

- Ensure all invoices from subrecipients are consistent with the established scope of work.
- The invoice must appear reasonable based upon the technical progress of the project.
- Expenses are within the budget parameters of the subaward/prime agreement and within the budget period.

Assuring Funds are Used for Authorized Purposes

Review invoices (cont.):

- The invoice must not overlap or duplicate a previously submitted invoice.
- Ensure that all invoices contain an institutional official signature certifying that charges are true and accurate and for appropriate purposes.

Assuring Funds are Used for Authorized Purposes (cont.)

Clarification of invoiced charges:

Any charges which appear to be unallowable, unusual or excessive must be investigated and resolved by the Principal Investigator or Business Manager **prior to releasing payment.**

- First, request clarification or further justification from the subrecipient contact person named on the invoice.
- If insufficient to render a prudent judgment on the allowability of the cost, request supporting documentation from the subrecipient.

Assuring Funds are Used for Authorized Purposes (cont.)

Final invoice check:

- Does the Principal Investigator have a copy of the subrecipient's final technical/programmatic report? If so, retain a copy in the file for audit purposes.
- Has the subrecipient submitted all their closeout documents required in the subcontract agreement?
- Is the final invoice marked "FINAL"? If not, the final invoice must be obtained by the required due date.

IMPORTANT: *The subrecipient's invoice must include a statement certifying the accuracy of costs being billed and must be certified by an authorized official.*

Concerns About a Subrecipient?

The Principal Investigator or department staff should promptly contact ORS with any concerns about a subrecipient including:

- Suspicion of subrecipient non performance, (e.g., late progress reports).
- Fraud or non-compliance with Federal regulations and laws.
- Any indication that the subrecipient is not fulfilling the obligations under the subaward.

Poll Time





New Tools –

SUBRECIPIENT MONITORING CHECKLISTS

Use of Invoice Check List

- Tool or information job aid created to assist departments with assuring funds are used appropriately.
- Outlines the minimum actions that should be carried out by departments before an invoice is approved for payment.
- Helps to ensure consistency, completeness, and compliance.
- Ensures that you are reviewing the correct items.

Invoice Check List

University of Illinois-Chicago

Subrecipient Monitoring-Invoice Checklist

Subrecipient Name _____ Subrecipient Number _____
 PI Name _____ Business Manager _____
 Invoice Date _____ Date Invoice Processed _____
 Invoice Number _____ Final Yes No

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the invoice submitted in accordance with the subaward terms and conditions?
<input type="checkbox"/>	<input type="checkbox"/>	2. Is the invoice period clearly stated?
<input type="checkbox"/>	<input type="checkbox"/>	3. Are the expenses incurred within the period of performance?
<input type="checkbox"/>	<input type="checkbox"/>	4. Does the invoice only contain expenses that are allowable under OMB Circular A-21/ agency guidelines/subaward terms?
<input type="checkbox"/>	<input type="checkbox"/>	5. Are the invoice expenses in agreement with the line item budget, per executed agreement?
<input type="checkbox"/>	<input type="checkbox"/>	6. Are the cumulative expenses within the overall approved budget amount? <i>(Ensure that subrecipients are not invoicing for amounts over the approved budget)</i>
<input type="checkbox"/>	<input type="checkbox"/>	7. Are invoice number, period, and expenses checked for duplicates, gaps, or other improprieties?
<input type="checkbox"/>	<input type="checkbox"/>	8. Is the F&A calculated correctly, based on the agreed upon rate? <i>(Ensure the calculated F&A included expenses that are subject to F&A)</i>
<input type="checkbox"/>	<input type="checkbox"/>	9. Is the invoice total correct—i.e., do totals foot across and down? And do the invoice cumulative-to-date figures reconcile with the Department's internal tracking systems figures?
<input type="checkbox"/>	<input type="checkbox"/>	10. Does the invoice contain a signed certification* as to the appropriateness of the charges. * Example: I certify that this request represents actual, allowable cost incurred during the invoice period and these costs are appropriate and in accordance with the executed agreement.
<input type="checkbox"/>	<input type="checkbox"/>	11. Is the required cost share reported on the invoice and proper documentation attached?

In signing below, I approve payment of this invoice and attest that the charges appear reasonable, and progress to date for this project is satisfactory and in keeping with the statement of work.

Authorized Signature _____ Date _____

Note: Most invoices do not include a large amount of detail. Ask for back-up documentation on specific budget line items, if something does not appear correct.

IF THE ANSWER TO ANY OF THE QUESTIONS IS "NO", DO NOT APPROVE UNTIL ALL ITEMS ARE RESOLVED.

University of Illinois-Chicago

Subrecipient Monitoring-Invoice Checklist

For Final Invoice Only

If this is the final invoice, please initial to confirm the technical progress at completion was satisfactory, and the final invoice has been received and processed for payment.

	Initial	Date
<input type="checkbox"/> Technical/Programmatic Report	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Final Invoice	<input type="text"/>	<input type="text"/>

Please maintain this checklist with your records. Attach a copy to your invoice voucher and submit for payment.

Invoice Check List (cont.)

Header

University of Illinois-Chicago

Subrecipient Monitoring-Invoice Checklist

Subrecipient Name _____

Subrecipient Number _____

PI Name _____

Business Manager _____

Invoice Date _____

Date Invoice Processed _____

Invoice Number _____

Final Yes No

Invoice Check List (cont.)

Questions to Ask

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the invoice submitted in accordance with the subaward terms and conditions?
<input type="checkbox"/>	<input type="checkbox"/>	2. Is the invoice period clearly stated?
<input type="checkbox"/>	<input type="checkbox"/>	3. Are the expenses incurred within the period of performance?
<input type="checkbox"/>	<input type="checkbox"/>	4. Does the invoice only contain expenses that are allowable under OMB Circular A-21/ agency guidelines/subaward terms?
<input type="checkbox"/>	<input type="checkbox"/>	5. Are the invoice expenses in agreement with the line item budget, per executed agreement?
<input type="checkbox"/>	<input type="checkbox"/>	6. Are the cumulative expenses within the overall approved budget amount? <i>(Ensure that subrecipients are not invoicing for amounts over the approved budget)</i>
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<input type="checkbox"/>	<input type="checkbox"/>	11. Is the required cost share reported on the invoice and proper documentation attached?

Invoice Check List (cont.)

Cost certification and authorized signature

In signing below, I approve payment of this invoice and attest that the charges appear reasonable, and progress to date for this project is satisfactory and in keeping with the statement of work.

Authorized Signature _____ Date _____

Note: Most invoices do not include a large amount of detail. Ask for back-up documentation on specific budget line items, if something does not appear correct.

IF THE ANSWER TO ANY OF THE QUESTIONS IS "NO", DO NOT APPROVE UNTIL ALL ITEMS ARE RESOLVED.

Final Invoice Only

For Final Invoice Only

If this is the final invoice, please initial to confirm the technical progress at completion was satisfactory, and the final invoice has been received and processed for payment.

	Initial	Date
<input type="checkbox"/> Technical/Programmatic Report	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> Final Invoice	<input type="text"/>	<input type="text"/>

Please maintain this checklist with your records. Attach a copy to your invoice voucher and submit for payment.

Tips for Reviewing Subrecipient Invoices



- Verify costs are incurred within the period of performance.
- Ensure expenses are aligned with technical progress.
- Verify cost sharing is appropriately reflected if required.



- **Do not approve** invoices for payment if technical or financial reports are delinquent.
- **Do not approve** invoices that are insufficiently detailed.
- **Do not approve** if you do not feel confident the costs are **allowable, allocable, and reasonable**.

Subrecipient Monitoring Check List

Subaward General Information

Principal Investigator	John H. Henry		
Subrecipient	Pratt Murphy Widgets Emporium		
Grant Number	EXXXX		
Encumbrance Number	EXXXXXXXX		
CFDA Number	0.0000		
Prime Award	NCI 1 P123 45678 910		
Subaward amounts by funding period	FY	Amount	PAF
	12	\$20,000	XXX-XXXX-XX-XX
	11	\$20,000	XXX-XXXX-XX-XX
	13	\$0	XXX-XXXX-XX-XX
	TOTAL	\$40,000	
Prime Award	\$4,000,000	Percentage pass-through: 1%	
Notes:			

Subrecipient Monitoring Check List (cont.)

Section to be completed by Principal Investigator, or authorized personnel

Statement of Work

OMB Circular A-110_.51 (f) requires performance reports be completed no less frequently than annually, however, they may be required quarterly.

Document when the performance reports were received from the subrecipient

Report Period	Date Filed	Report Period	Date Filed
1 st qtr.	1/26/xx		
2 nd qtr.	4/15/xx		

Support Required for Reimbursement

Describe the extent of documentation you require to support subrecipient claims for reimbursement.

Receipts, financial system ledgers, etc.

Subrecipient Monitoring Check List (cont.)

Subrecipient Contacts

Summarize your correspondence efforts and where actual documentation can be found if needed. Include telephone conversations, letters, meetings, site visits, etc.

*10/1/xx- Discussed progress of new widget (via
Email) with Dr. Nancy Drew-Ellis. New widget will
be completed on schedule.*

12/15/xx- Visited facilities for widget demo

Subrecipient Monitoring Check List (cont.)

Satisfaction with Subrecipient

Summarize your overall satisfaction with subrecipient's use of funds and performance goals.

08/01/xx- Very pleased with Dr. Drew-Ellis's work.

*Widget met all of my requirements. Received all
Reports on time.*

Completed By:

Authorized Official

Name

08/01/xx

Date

Learning Activity



What Is Wrong With This Invoice?

UNIVERSITY OF RESEARCH

DATE December 15, 2009
 INVOICE NUMBER 001
 AWARD NUMBER UoR12345
 AWARD AMOUNT \$ 255,433.00
 CONTRACT PERIOD July 1, 2009 to June 30, 2010
 FINAL INVOICE (✓) YES () NO

 BILLING PERIOD: July 1, 2009 - November 30, 2009

ITEM	CURRENT CHARGES	PREVIOUSLY BILLED	CUMULATIVE CHARGES
SALARIES & WAGES	\$ 115,000.00	\$ -	\$ 115,000.00
FRINGE BENEFITS	29,900.00	-	29,900.00
SERVICES	1,289.00	-	1,289.00
MATERIALS & SUPPLIES	752.00	-	752.00
ENTERTAINMENT	98.00	-	98.00
TRAVEL - DOMESTIC	642.00	-	642.00
TRAVEL - FOREIGN	319.00	-	319.00
EQUIPMENT (<i>NOT SUBJECT TO F&A</i>)	2,000.00	-	2,000.00
TOTAL DIRECT COST	150,000.00	-	150,000.00
INDIRECT COST @ 50%	74,000.00	-	74,000.00
TOTAL COST	\$ 224,000.00	-	\$ 225,000.00

PLEASE PAY THIS AMOUNT	225,000.00
CASH COLLECTED	-
Amount Remaining to Invoice	30,433.00

UNIVERSITY OF RESEARCH

DATE December 15, 2009
 INVOICE NUMBER 001
 AWARD NUMBER UoR12345
 AWARD AMOUNT \$ 255,433.00
 CONTRACT PERIOD July 1, 2009 to June 30, 2010
 FINAL INVOICE () YES () NO

BILLING PERIOD: July 1, 2009 - November 30, 2009

ITEM	CURRENT CHARGES	PREVIOUSLY BILLED	CUMULATIVE CHARGES
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FRINGE BENEFITS	29,900.00	-	29,900.00
SERVICES	1,289.00	-	1,289.00
MATERIALS & SUPPLIES	752.00	-	752.00
ENTERTAINMENT	98.00	-	98.00
TRAVEL - DOMESTIC	642.00	-	642.00
TRAVEL - FOREIGN	319.00	-	319.00
EQUIPMENT (NOT SUBJECT TO F&A)	2,000.00	-	2,000.00
TOTAL DIRECT COST	150,000.00	-	150,000.00
INDIRECT COST @ 50%	74,000.00	-	74,000.00
TOTAL COST	\$ 224,000.00	-	\$ 225,000.00

PLEASE PAY THIS AMOUNT	225,000.00
CASH COLLECTED	-
Amount Remaining to Invoice	30,433.00

1. Marked **Final**, but the billing period is through November 2009. **Is this really a final invoice?**
2. Total Cost is not correct.
3. Is entertainment or foreign travel allowable?
4. There is no certification or authorized official signature.

Do not approve the invoice for payment until all items are resolved appropriately.

Subrecipient Monitoring

CLOSEOUT ACTIVITIES

Ensure a Timely Closeout

- Ninety (90) days before the end date of the subaward, confer with the subrecipient to determine whether work will be completed on time.
- Request an invoice marked “FINAL”. 30-45 days after the subcontract ends, if you have not received one, remind the subrecipient when it will be due.

Ensure a Timely Closeout (cont.)

- Obtain all required reports from subrecipient.
 - Project performance
 - Technical reports
 - Project deliverables
- Financial
 - Final invoice
 - Verify fulfillment of cost sharing requirements
 - Disallowances or disputed costs
- Fulfilled obligations
 - Patent
 - Property reports

IMPORTANT: Review reports to make sure they are acceptable.

Proposed Changes to A-133

The Office of Management and Budget (OMB) is proposing broad reforms that may effect subrecipient monitoring under Circular A-133 by raising the OMB A-133 single audit threshold to \$750,000 in federal award expenditures.

Keys to Good Subrecipient Monitoring

- Begin with a clear Statement of Work.
- Communicate frequently.
- Review all invoices carefully.
- Document, Document, Document!



Questions



Resources

- **OMB Circular A-133:** “Audits of States, Local Governments and Non-Profit Organizations”
- [OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations](#)
- **OMB Circular A-110:** “Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations”
- [OMB Circular A-110, Uniform Administrative Requirement for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations](#)
- **Check List**

Questions? Contact Us!

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