

Subrecipient Monitoring PI and Administrative Unit Responsibilities

Background

The University may receive funding directly from a sponsor and then award a portion of that funding to another entity to carry out a portion of the award. The award made by the sponsor to the University is known as the prime award and the award made by the University to another entity is called a subaward. The University is pass-through entity (PTE) when it makes a subaward and the entity receiving the subaward is known as a subrecipient.

When the University serves as a pass-through entity, it assumes the role and responsibilities of both a recipient and sponsor. As a pass-through entity, the University must administer and manage an award in adherence to the terms and conditions of the prime award while also ensuring the subrecipient is in compliance with the subaward. The University is responsible for monitoring the financial and programmatic performance of subrecipients to ensure compliance.

Federal Offices of Inspectors General have frequently identified subrecipient monitoring as a weakness of grants management. In recent years, federal auditors and awarding agencies have significantly increased reviews and scrutiny of subrecipient monitoring policies and procedures. As a result, the University has received an increase in sponsor desk reviews and audits focused on our subrecipient monitoring.

The University is at risk of noncompliance when we fail to adequately monitor subrecipients and document our monitoring activities. The University must prove to an auditor that we have “reasonable assurance” our subrecipients are in compliance with award terms and conditions. Noncompliance with subrecipient monitoring requirements can result in sanctions against the University, which could include a sponsor disallowing the entire cost of a subaward. In such situations the University would be required to repay the disallowed costs, not the University’s subrecipient.

Responsibilities of Pass-Through Entities

2 CFR 200.331-333 identifies the responsibilities for pass-through entities. For each subaward, the Uniform Guidance requires the University to:

- **Identify the Award and Applicable Requirements.** The University must include specific data elements in the subaward agreement.
- **Evaluate Risk.** The University must complete a risk assessment for each subrecipient.
- **Monitor.** The University must monitor each subrecipient for compliance with the subaward’s terms and conditions. The University must document the following activities:
 - Regular communication with the subrecipient;
 - Review of financial and programmatic reports;
 - Review each subrecipient’s annual Single Audit; and
 - Remedy any audit finding associated with a University subaward.
- **Ensure Accountability of For-Profit Subrecipients.** The University must take specific actions to ensure a for-profit subrecipient is in compliance with award terms and conditions.

What Auditors Review

The [Compliance Supplement](#) (see PDF pages 122-124) identifies the suggested auditor procedures to verify PTE compliance with subrecipient monitoring requirements. Auditors will:

- Review the PTE’s subrecipient monitoring policies and procedures;
- Review subaward documents;
- Review the PTE’s documentation of monitoring the subaward and evaluate if the PTE’s monitoring provided reasonable assurance the subrecipient is in compliance with award terms and conditions; and
- Ascertain if the PTE verified that subrecipients have complied with audit requirements under 2 CFR.

Responsibilities for PIs and Administrative Units

The responsibilities the Uniform Guidance establishes for pass-through entities are shared among OGC, the Compliance Office, and PIs and administrative units.

Primary Responsibilities of PIs and Administrative Units for subawards:

- Adhering to University procedures in requesting and making a subaward;
- Developing and complying with a subrecipient monitoring plan;
- Documenting monitoring activities, including reviewing and approving financial (invoices) and programmatic reports;
- Ensuring subrecipient is in compliance with award terms and conditions; and
- Imposing specific conditions and remedies for noncompliance.

University Procedures in Requesting and Making a Subaward

See [OGC - Subcontracts](#).

PIs and administrative units should closely review a subrecipient's statement of work. Once the subaward is executed, the statement of work becomes legally binding on both parties. Acceptance of an inadequate state of work places the University at risk for paying for unexpected costs for unanticipated activities and duplicative or inadequate work. An adequate state of work should be specific and detailed by:

- Clearly identifying the scope of work for the subrecipient by including specific activities and frequency, if applicable
- Identifying the subrecipient PI's roles and responsibilities
- If applicable, providing a deliverable schedule for project milestones including a description of each deliverable or task, identifying applicable dates and conditions for project tasks to begin and end and any due dates for deliverables
- Explaining requirements for all reports, data, and other deliverables. The PI should ensure this section meets all reporting and programmatic needs. For reports, the statement of work should explicitly describe what information will be reported, specific data formats, what data the subrecipient will collect and how the data will be shared with our University, and frequency of reporting.

Subrecipient Monitoring Plans and Monitoring Documentation

PIs and administrative units should develop and comply with a subrecipient monitoring plan for each subaward. For most low risk subrecipients, a standard monitoring plan may be adopted. For high-risk subrecipients, a tailed monitoring plan needs to be drafted to address identified risks. Once a monitoring plan has been adopted for a subaward, PIs and administrative units must follow the monitoring plan, document monitoring activities, and revise the monitoring plan as necessary. Auditors may request a subrecipient monitoring plan and verify University compliance with the monitoring plan.

PIs must maintain regular communication with a subrecipient PI. At least quarterly, the PI should have a status meeting/email with the subrecipient. The PI needs to determine if the subrecipient is making adequate programmatic progress and is adhering to the statement of work. All problems or deficiencies must be identified, and a resolution needs to be developed for each identified problem.

See *Sample Subrecipient Monitoring Plan*

See [Subcontract Monitoring Record](#)

See [Subcontract Monitoring Invoice Checklist](#)

Ensuring Compliance with Award Terms and Conditions

A pass-through entity assumes the role of a sponsor, which requires the University to ensure subrecipients are in compliance with prime award terms and conditions, which include requirements under the Uniform Guidance. PIs and administrative units are responsible for:

- Ensuring the subrecipient conformed to its policies and procedures, such as:
 - Verifying equipment purchases conform with the subrecipient procurement policy and the subrecipient is in compliance with internal property policies
 - Verifying travel costs conform with the subrecipient travel policy
- Ensuring costs charged to the subaward conform are allowable, necessary and reasonable, allocated properly, and consistently charged as either a direct or indirect (F&A) cost
 - *Note: At least once a budget year, the administrative unit should request each subrecipient provide a detailed invoice. This request should be random. This action helps justify that we meet the “reasonable assurance” threshold.*
- Ensuring the subrecipient adheres to the statement of work
 - *Note: The PI should reject any inadequate progress reports*
- Ensuring the subrecipient has adequately monitored any third-tier subrecipients, if applicable
- Completing subrecipient closeout in a timely manner
 - *Note: For federal awards, the subrecipient has 90 days after the end of the subaward period of performance to complete closeout requirements*
- Verifying the subrecipient has complied with prior approval requirements
 - *Note: Any prior approval requirement imposed by the sponsor on the prime award flow-down to subawards.*
- Impose specific conditions and remedies for non-compliance, as identified under 2 CFR 200.208 and 2 CFR 200.339, as necessary
 - *Note: Be sure to verify if the subaward agreement will need to be amended, such as in award modifications or terminations*

Need Help?

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SAMPLE SUBRECIPIENT MONITORING PLAN

Each monitoring plan must include the following data elements:

- PI Name
- Federal Award Identification Number (Prime Award)
- Subcontract Award Number
- Period of Performance
- Subrecipient Name, PI, Contact Information

Subrecipient Monitoring Plan

- 1) PI meets quarterly (*or other frequency*) with [the Department Administrator/Fiscal Manager] review both overall progress of the scope of work and specifically the progress of the Subrecipient's scope of work. During the quarterly review, PI with Administrator/FM:
 - a) ensures the invoiced expenses are in agreement with the programmatic plan or work completed to date including the type of expenses invoiced correlate to the work and effort incurred during the invoice period by randomly requesting a detailed invoice during each budget year.
 - b) ensures the expenses are appropriate and allowable per the agreement and sponsor requirements;
 - c) ensures period claimed in the invoice corresponds with the contract and that total dollar amount is within the contract.
 - d) Invoices are only submitted for payment once above a) through c) have been completed.
- 2) Ensuring subrecipient compliance with award terms and conditions by:
 - a. Randomly requesting a detailed invoice once per budget year;
 - b. Verifying equipment purchases and travel are in compliance with subrecipient's internal procedures
 - c. Verifying subrecipient is in compliance with regulatory compliance requirements, if applicable
 - d. *For high-risk subrecipients, be sure to address issues identified on the risk assessment.*
- 3) PI ensures the progress of the work and deliverables are in accordance with the agreement or any changes are pre-authorized by PI meeting quarterly (*or more frequently*) with subrecipient PI by [method of communication] to discuss subrecipient performance.
- 4) PI ensures Subrecipient deliverables/reports are provided as outlined in the agreement.

Subrecipient Files

The following relevant subrecipient files are attached

1. Subcontract agreement
2. Risk assessment
3. Subrecipient Commitment Form
4. Purchase Order
5. Subrecipient Monitoring Document



HOW TO USE: The Subrecipient Monitoring Record is used by departments and schools to document subrecipient monitoring efforts and maintain an audit trail. Use of the tracking record is encouraged at all risk levels but especially for medium and high risk subrecipients.

University of Colorado Denver

PI Name _____
Project# _____
Subcontract # _____
Period of Performance _____

Subrecipient

Institution Name _____
Subrecipient PI _____
Subrecipient Contact _____
Invoicing Frequency: ☐ Monthly ☐ Quarterly

Name and position of the person responsible for overseeing this record: _____

SCHEDULED REPORTING DATES (based on the terms of the grant award)

DATE	COMMENTS	ACTUAL DATE*

*dates entered as each report is submitted

INFORMAL PROGRESS REPORTS COMPLETED (These should generally occur at least quarterly)

DATE	COMMENTS	ACTUAL DATE*

OTHER COMMUNICATIONS

DATE	COMMENTS	ACTUAL DATE*