

## Subrecipient Monitoring Procedure and Checklist

In accordance with 2 CFR 200, the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Angelo State University has developed this procedure and checklist for monitoring subawards issued under federal assistance agreements. This document outlines the pre- and post-award requirements for subrecipient monitoring as well as the recommendations for individuals responsible for carrying out each task. This document will be updated annually to reflect changes to the Audit Compliance Supplement issued by the White House Office of Management and Budget.

### Post-Award Procedures

#### Initiating the Subrecipient Agreement:

The agreement between XXXX and the partnering institution contain all of the information required by the Uniform Grant Guidance, including federal award identification information, general and agency/award-specific terms and conditions, standard certifications and assurances, the statement of work, and the project budget.

The agreement must be review by the XXXX counsel’s office, and signed by the official signature of the XX Entity and at the subrecipient’ s institution who have the authority to enter into sponsored agreements on behalf of each institution. This contract is the legally binding agreement.

#### Monitoring:

The Office of Sponsored Projects, the Restricted Funds Office, and the Principal Investigator/Project Director are jointly responsible for regular monitoring of the subaward throughout the life of the award. The purpose of monitoring is to 1) ensure federal funds are spent in compliance with the applicable laws, regulations and provisions, and 2) ensure performance goals are met.

The level of monitoring engaged in by each office should correlate directly with the risk associated with the subrecipient and the project. Large projects involving subawards of \$100,000 or more and/or projects with subrecipients that have limited experience with successfully managing grants should be monitored closely throughout the life of the project.

The Sponsored Projects and Restricted Funds Office are responsible for macro- (institutional) level monitoring processes while the Principal Investigator/Project Director is responsible for micro- (project) level monitoring. Macro-level monitoring processes are outlined in the checklists provided at the end of this document, and they should include advising the subrecipient of requirements imposed on them by federal laws, regulations, and the provisions of the subaward agreement and conducting periodic spot checks of reports to ensure the award is being carried out according to the terms and conditions of the

agreement. These offices should also be aware of the subrecipient's audit findings related to the award and review management decisions and corrective actions taken on said findings.

Micro-level monitoring, conducted by the Principal Investigator/Project Director (PI/PD), involves regular (as often as daily, but no less than monthly) communication between XXXX and the subrecipient organization to ensure the project is being carried out as proposed and according to schedule. Minor variations are allowable, but major variations—change of project scope, omission/addition of major activities, and/or re-budgeting between line-item categories that exceeds 25% of the total annual budget—should be addressed as soon as possible. If changes need to be made to the budget, reporting deadlines, and/or performance goals as indicated in the agreement, the PI/PD must notify the Office of Sponsored Projects as soon as possible to confirm the allowability of the revisions and to issue a revised subaward agreement, if necessary.

In addition to maintaining regular communications, micro-level monitoring by the PI/PD should include the following activities:

- Review and approval (or request for revision/additional information) of periodic technical/performance reports;
- Review and approval (or request for revision/supporting documentation) of subrecipient invoices; and
- Monitor general rate of expenditures and implementation of activities—if the project appears to be significantly behind or ahead of schedule, follow up with the subrecipient to review the project requirements and progress.

Finally, if the PI/PD feels overwhelmed by or has any questions regarding the subaward monitoring process, he/she should contact the Office of Sponsored Projects at his/her earliest convenience to obtain support and assistance throughout the process.

#### **Continuation Awards:**

Follow the same procedures as for the initiation of the subaward, but issue an amendment to the agreement rather than a whole new agreement. Additionally, review the subrecipient's audit from the previous year and address any concerns, weaknesses, and/or deficiencies noted in relation to the project.

## Checklists

### Office of Sponsored Projects Responsibilities:

- During the **pre-award/proposal submission stage**, obtain the following documents from the potential subrecipient:
  - Subrecipient Commitment Form (ASU form)
  - Brief Statement of Work for the project
  - Itemized budget and justification
  - Other required documentation as needed
  
- During the **award negotiation stage**, review the following databases and/or documents for general compliance, confirmation of eligibility, and to assess risk:
  - System for Award Management (<https://www.sam.gov>)
    - ⇒ Organization/Institution
    - ⇒ Principal Investigator/Project Director
  - Federal Audit Clearinghouse (<https://harvester.census.gov/facweb/Default.aspx>), if applicable (if total federal awards in a single fiscal year  $\geq$ \$750,000), to confirm timely submission of reports
  - Copy of the subrecipient's most recent federal compliance audit
  - Information on the subrecipient's recent grant management experience, including biographical sketches and/or CVs from key personnel
  - Copies of the subrecipient's policies and procedures, including information on internal controls, for the following:
    - ⇒ Conflict of Interest
    - ⇒ Personal activity reporting (Effort reporting/certification)
    - ⇒ Procurement and Expenditure Payments
    - ⇒ Other special policies required by the funding agency
  
- When **issuing the subaward agreement**, ensure the agreement contains the following information:
  - Federal Award Identification Number (FAIN), Catalog for Federal Domestic Assistance (CFDA) number, award name, name of the Federal awarding agency, the amount of the total award, and the applicable Federal compliance requirements, including but not limited to the following: the Code of Federal Regulations, the Agency-Specific Terms and Conditions, and related requirements
  - Required information for Federal Funding Accountability and Transparency Act (FFATA) reporting (as identified in the FSRS spreadsheet)

- During the subaward implementation phase, conduct **periodic spot checks** of reports, including performance reports and effort reports (i.e. personal activity reports), where applicable
- Also during the implementation phase, **periodically advise the subrecipient** on federal laws and regulations as well as agreement-specific terms and conditions for which they are responsible.
- During the **annual renewal process**, if applicable, review the following databases and/or documents for general compliance, confirmation of eligibility, and to assess risk:
  - System for Award Management (<https://www.sam.gov>)
  - Federal Audit Clearinghouse (<https://harvester.census.gov/facweb/Default.aspx>), if applicable (if total federal awards in a single fiscal year ≥\$750,000), to confirm timely submission of reports
  - Copy of the subrecipient’s most recent federal compliance audit
  - Feedback from the PI/PD regarding timeliness and completion of project objectives during the previous funding period(s)
  - Copies of any revised/changed policies and procedures

#### Restricted Funds/Accounting Responsibilities:

- Entering reporting information in the system by the end of the month following the month in which the subaward was made, if the subaward equals or exceeds \$25,000 (cumulative).
- Process approved invoices for payment.
- Assist PI/PD with Federal Rules and Regulations regarding allowability of any questioned costs on invoices submitted by subrecipient.
- Develop a mentoring process based on risk assessment.

#### Principal Investigator/Project Director (or designee) Responsibilities:

- Prepare and maintain a **tracking system for monitoring** each of the items listed in this section.
- Initiate and maintain **regular communications** (as often as necessary, but **no less than monthly**) via telephone or e-mail to confirm the project is progressing as scheduled
  - Telephone calls/e-mails should be documented and saved
  - Significant delays or deviations should be noted and addressed through additional communications
- Review monthly **invoices** from subrecipient to ensure costs are reasonable, allowable, consistently treated, and allocable to the project and to monitor burn down rates against the project schedule and budget
  - **Note:** All invoices, whether new or revised, must be submitted by the subrecipient to Restricted Funds/Accounts and after reviewing the invoice, Accounts Payable will send it

to the PI/PD for approval. Do *not* accept an invoice directly from the subrecipient; all invoices from outside individuals/organizations must be sent to the Accounts Payable Office.

- If any costs are questioned, the PI/PD should *not* approve the invoices but instead should follow these steps, making sure to document each one in writing:
    - ⇒ Contact the subrecipient to request additional documentation, and if the additional documentation resolves the problem and requires no changes to the invoice, approve the invoice and submit to Accounts Payable.
    - ⇒ However, if the additional documentation does not support the questioned costs, inform Accounts Payable within five (5) business days that the invoice contains questionable costs and therefore does not represent a final correct invoice and, if needed, contact the Grants Accountant for guidance with Federal Rules and Regulations regarding questioned costs. The PI/PD should continue to work with the subrecipient, Grant Accountant, the Office of Sponsored Projects, and other responsible parties to address the disputed charges in a timely manner, and request the subrecipient submit a revised or new invoice to Accounts Payable once all required changes have been made.
  - Upon approval of all costs in the invoice, the PI/PD must approve the invoice and return it to Accounts Payable immediately to comply with prompt payment requirements.
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- Review **performance/technical reports** on a regular basis.
    - Confirm the reports are submitted on time as indicated in the subaward agreement.
    - Confirm the reports contain all of the required and necessary information.
  - Request **other information** necessary for completing performance/technical reports to the federal awarding agency as needed and well in advance of prime recipient report due dates.