13.11 Sub recipient Monitoring

Policy Statement
Subrecipients must conduct their portion of a project in accordance with all applicable laws, regulations, and award/sub-award terms and conditions, and ensure that costs incurred by subrecipients are reasonable, allocable, and allowable.

Reason for policy
This document outlines the procedures that should be followed whenever a subrecipient is involved in a project for which either UGARF or UGA is the prime awardee. These procedures are designed to ensure that subrecipients conduct their portion of a project in accordance with all applicable laws, regulations, and award/subaward terms and conditions, and that costs incurred by subrecipients are reasonable, allocable, and allowable.

Procedures

Procedure Steps
A subrecipient relationship exists when a third party:

- Performs a substantive portion of the programmatic work outlined in the prime award;
- Has responsibility for programmatic decision making;
- Uses the funds provided to carry out the subrecipient's program as opposed to merely providing goods and services for a UGARF/UGA program;
- Is responsible for helping UGARF/UGA meet the requirements of its prime award;
- Determines who is eligible to receive what federal financial assistance;
- Measures its performance against the objectives of the federal program; or
- Has responsibility for adherence to applicable federal compliance requirements.

Federal Regulations

The following procedures detail the core elements of a sound subrecipient monitoring enterprise. Primary responsibility is noted as explained above:

- Advising subrecipients of all applicable federal laws and regulations, and all appropriate flow-down provisions from the prime agreement (including flow-down provisions to subrecipients of subrecipients). OSP.
- The routine review of Technical Reports to ensure adherence to subcontract agreement scopes of work. PI.
- The routine review of expenses against the approved project budget. Dept Administrator, Post Award Accounting.
- The periodic performance of on-site visits (if needed) or another type of regular contact. PI.
- The option to require audits, if necessary. Post Award Accounting.
- Review of OMB Uniform Guidance and other audit reports filed by the subrecipient, and any audit findings. Post Award Accounting.
- Review of corrective action reports cited by subrecipients in response to audit findings. Post Award Accounting.
- Determination of audit risk for subrecipients and any resulting financial reporting requirements. Post Award Accounting.
Consideration of sanctions (including a moratorium on encumbering new subcontracts) on subrecipients in cases of continued inability or unwillingness to have required audits or to correct non-compliant actions. OSP, Post Award Accounting.

In addition to the general elements listed above, there could be additional sponsor- or program-specific requirements that mandate oversight, such as use of human or animal subjects, biohazards or financial conflicts of interest.

UGA’s Subrecipient Monitoring Guidelines

The University will utilize a “risk based” monitoring approach, and the frequency and intensity of the monitoring will generally be driven by the following parameters:

Is the subrecipient complying with OMB Uniform Guidance? If so, and there are no findings impacting the work for UGARF or UGA, an approved audit status will be reflected in IMS.

Other determining factors include:

- Sophistication (i.e., development and extent of internal controls) of the subrecipient’s financial and administrative systems.
- Prior experience with the subrecipient.
- Subrecipient location [i.e., remoteness from UGA].
- Subrecipient type [some international and for-profit subrecipients could require more attention].
- Non-OMB Uniform Guidance organizations may be required to submit and provide supporting documentation (copies of receipts, payroll and general ledger documents) with their reimbursement requests in order to receive payment.
- Degree of external oversight by auditors or sponsors.

Standard Monitoring Procedures

1. Certification Regarding Lobbying–OSP includes an attachment to subrecipient agreements any time UGARF/UGA enters into a new subcontract agreement. This attachment to the agreement addresses Financial Conflict of Interest, Lobbying, Debarment, Suspension, and Other Responsibility Matters, Compliance with OMB Uniform Guidance, as well as other compliance s that may apply. In addition, OSP includes a Subrecipient Audit Certification (SRAC) form if the audit status for the subrecipient does not have the appropriate audit status designation in IMS.

2. Collection of Technical Reports– Technical performance reports should be reviewed and evaluated on a timely basis by the PI. Unusual or unforeseen items should be investigated, and reports should be retained and filed in the department for ready access by regulators. In some cases, subaward/subcontract terms may require specified deliverables in addition to, or in lieu of, technical reports.

3. Review of Invoices and Expenses–For cost-reimbursement subagreements, subrecipient's invoices showing both current period and cumulative expenses-to-budget are generally required. Department Administrators should compare subrecipient invoices to subaward budget to ensure that invoiced charges appear reasonable based upon the technical progress of the project, are within the budget parameters, and are consistent with the anticipated research timeline. For example, research conducted throughout the year should be invoiced monthly, whereas as research conducted during the summer should be invoiced during the summer months.

4. Clarification of Invoiced Charges–Department Administrators should request explanations for any “unusual”, “miscellaneous,” “other” or apparently excessive charges invoiced by the subrecipient. If the explanations received are not sufficient to render a prudent judgment on the allowability of the cost, Department Administrators may request detailed justifications or support from subrecipients. Department Administrators may also periodically request, particularly from high-risk subrecipients (see risk-based criteria), detailed support for selected invoiced charges to verify their appropriateness and reasonableness. Examples of detailed support that may be requested from subrecipients include payroll records/data; copies of paid invoices showing the cost of items purchased and Vendor
Justification Forms, if required by federal contract; descriptions of services rendered by consultants, including hourly rates and time reports; detail of travel charges incurred stating the purpose, airfare, meals, lodging, ground transportation, etc. Costs determined to be unallowable or unreasonable should be disallowed and deducted/off-set from current or future invoices. Department Administrators may contact OSP or Post Award Accounting for assistance in these matters. In circumstances where questionable costs remain unresolved, it may become necessary to conduct more definitive monitoring procedures. In these cases, Department Administrators should contact OSP or Post Award Accounting to coordinate these subsequent actions, which may include on-site visits, audits, or budget modifications.

• On-site Visits: On-site visits are a discretionary monitoring procedure conducted by the PI and departmental representatives to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems. Charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file. Desk reviews, questionnaires regarding internal controls & financial management systems will be conducted by Post Award Accounting as needed.

• Audits: Discretionary audits of subrecipients are an acceptable monitoring procedure under federal regulations and/or applicable “right to audit” clauses in the University's subaward/subcontract agreements.

5. Annual Subrecipient Audit Verification – Post Award Accounting will verify that the subrecipient organization has completed its OMB Uniform Guidance or other audit, as applicable. On a periodic basis, Post Award Accounting will send the following to UGARF’s/UGA’s federally funded subrecipients:
   - OMB Uniform Guidance Audit Information Request (sent to all subrecipients).
   - For non-OMB Uniform Guidance organizations, additional monitoring activities and supporting documentation may be required in order to receive payment.

Post Award Accounting will monitor and review the responses from the subrecipients. In the event that Post Award Accounting has concerns about the audit report or the corrective action plan, the subrecipient will be contacted to resolve those issues. If the subrecipient does not respond to Post Award Accounting’s concerns in a timely manner, future and/or final payments on any current agreement may be withheld.

Forms/Instructions
Subrecipient Audit Certification Form

Additional contacts
Gail Chester

Phone Number: 706-542-9230

Policy definitions
A subrecipient is a third-party organization performing a portion of work on a prime University of Georgia Research Foundation (UGARF) or University of Georgia (UGA) award. The terms of UGARF’s or UGA’s subrecipient relationship are documented in a subgrant or a subcontract that flows a portion of a prime award down to the subrecipient. UGA is responsible for the programmatic and financial monitoring of subrecipients.

Responsibilities
Responsible University Senior Administrator: Vice President for Finance & Administration
Responsible University Administrator: Associate Vice President for Finance Division
Policy Owner: Post Award Accounting
Policy Contact: Gail Chester
Phone Number: 706-542-9230
Responsibilities:
1. Principal Investigators (PIs) have primary responsibility for monitoring subrecipients to ensure compliance with federal regulations regarding both prime and subrecipient award terms and conditions.

2. Departmental grant administrator have responsibility for assisting PIs in discharging their monitoring responsibilities, for reviewing invoices from subrecipients and questioning expenditures, if necessary, and for maintaining documentation of monitoring efforts.

3. Office for Sponsored Programs (OSP) negotiates and issues subcontract agreements, ensuring that federal and other applicable regulations are identified and included in the subcontract documents.

4. The Office of Post Award Accounting reviews the OMB Uniform Guidance status of subrecipients and approves invoices from subrecipients. When an OMB Uniform Guidance audit is not available, Post Award Accounting assists the department and PI in reviewing supporting documentation for expenditures.

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**Record Retention**

This series provides a record of the establishment and administration of individually sponsored grant and contract restricted funds accounts, documents compliance with fiscal reporting requirements, and includes billing information for accounts receivable from sponsoring agencies and from departments for gift account fees. Grants may be federal, state, corporate, or private. This series may include but is not limited to: project summaries; grant authorizations; contract documents; project budget change and adjustment forms; invoices; receipts; cashier's receipts; equipment purchase orders; prior approval request forms; account request forms; vendor telephone contact logs; subcontracts; sponsored programs post award accounting monthly budget summary statements; institution billings balance sheets; reports for sponsored programs post award accounting that are operating on direct payments; final financial reports; property reports; patent/invention reports; contractor's release report; assignment of refunds and rebates documents; equipment disposition reports; and related documentation and correspondence.

**Record Copy:** Institutional Archives; Post Award Accounting

**Retention:** Contracts, patents, and agreements for use of research outcomes: Permanent. All other accounting records: 7 years after final financial report is submitted and the account is closed, unless otherwise specified as longer by the terms of the contract

**Citation or Reference:** OMB Uniform Guidance; BOR Research Grant Records 0472-09-006

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**FAQs**

See the following attachments for answers to frequently asked questions concerning payments to and monitoring of sub recipients.

**Subaward Payment Form**

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**Best Practices - Sub recipient Monitoring**

| Fixed Price Contracts - Residual Balance | Uncollectible Restricted Accounts |

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**Policy Dates**

**Effective Date:**

Date Last Updated: 04/03/2018

Date of Last Review:

Date of Approval:

Previous Version of Policy: