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Georgia State University
Subrecipient Monitoring Policy

Approved on: 12/3/08
By: Administrative Council
Effective date: 1/1/09

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Brief Policy Summary

When Georgia State University (GSU) receives an award from a sponsoring agency, it may become necessary to establish a subaward agreement with a subrecipient institution. GSU PI and administrators will monitor the activities of subrecipients to ensure that they are complying with the programmatic and financial terms of the subaward agreement. Monitoring responsibilities include general compliance and subrecipient audit compliance.

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Applicability/Eligibility

This policy applies to all subrecipient institutions with whom Georgia State University executes a subaward agreement, including foreign and for-profit organizations.

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Administration of Policy

Mandating Authority:	Administrative Council
Responsible Office(s):	University Research Services and Administration
Responsible Executive(s):	Vice President for Research

Contact(s)

Position Title	Campus Location	Phone Number or Email Address
Assistant V. P. for Research	Room 217 Alumni Hall	404-413-3507
Associate Director, Office of Sponsored Programs	G-76 Alumni Hall	404-413-3550
Associate Director, Research Financial Services	G-41 Alumni Hall	404-413-3523

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Web Links	
Procedures	
Forms	

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19 **Full Policy Text**

20 GSU PI and administrators will monitor the activities of subrecipients to ensure
21 that they comply with the programmatic and financial terms of the subaward
22 agreement. Monitoring responsibilities include general compliance and
23 subrecipient audit compliance.

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25 **Rationale or Purpose**

26 GSU is responsible for ensuring that all subrecipients of sponsored funds for compliance with
27 programmatic and financial terms of the subaward agreement.
28 GSU is responsible for ensuring that subrecipients with Federal award expenditures in excess of
29 \$500,000 per year comply with OMB Circular A-133.

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31 **Exceptions**

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33 **Policy History**

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35 **Cross References**

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37 **Definitions**

38 Subaward: An agreement with a collaborating organization that outlines mutual expectations of
39 both parties for a portion of the funds from a sponsored award. Subawards may be called
40 subcontracts, subagreements, purchase orders, subgrants, etc.

41 Subrecipient: An entity receiving a portion of the funds from a sponsored award and having
42 programmatic involvement in the project.

43 **Additional Information**

44 **APPENDIX A—CHECKLIST ON TYPE OF AGREEMENT**

45 **Additional Helpful Resources**

46

47 **Category:** Administrative

48

49 **Index Words**

50 Subrecipient monitoring, subcontract monitoring

51 **Georgia State University**
52 **Subrecipient Monitoring Procedures**

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54 **Procedures Approved by:** Administrative Council

55 **Date**

56 **Approved:** 12/3/08

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58 **Effective date of procedures:** 1/1/09

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60 **Policy Statement Summary:** Georgia State University monitors all subrecipients of
61 sponsored funds for compliance with programmatic and financial terms of the subaward
62 agreement.

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64 **Procedural Guidelines for Subrecipient Monitoring**

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66 **Risk-Level Assessment**

67 On an annual basis, Associate Directors of Research Financial Services (RFS)
68 and Office of Sponsored Programs (OSP) will review all active subcontracts for
69 which monitoring is mandated and assign a risk-level based on the following
70 considerations:

- 71
- 72 • Size of the subrecipient award. Large awards (for example with annual
73 budgets >\$500K) would receive substantial and frequent review and
74 monitoring; mid-sized awards (annual budget \$100K - \$500K) would
75 receive proportionately less substantial and less frequent monitoring;
76 smaller awards (<\$100K) would receive general review with the least
77 frequent oversight
 - 78 • Award size relative to the subrecipient's sponsored award portfolio
 - 79 • Percentage passed through: the larger the percentage of sponsored
80 award subcontracted, the greater the need for subrecipient monitoring
 - 81 • Award complexity, sensitivity of the work and/or extensiveness of the
82 governing regulations
 - 83 • Prior experience with the subrecipient, e.g. a new subrecipient, an
84 inexperienced subrecipient, a history of non-compliance, having new
85 personnel, or having new or substantially changed systems
 - 86 • Subrecipient location or for-profit status (remoteness from GSU may
mandate more oversight); increased risk associated with some foreign

87 and for-profit subrecipients dictates that they would merit a greater
88 degree of review, evaluation and attention

89 • Degree of external oversight by auditors or sponsoring agencies. Note that
90 GSU is obligated to monitor subrecipients of its federal awards, regardless
91 of the subrecipients being subject to A-133 audits

92 • Sophistication of the subrecipient's systems and administrative operation.

93 Upon identification of subrecipients that mandate closer scrutiny, based on the
94 above review criteria, RFS, PI and department administrators will take
95 appropriate monitoring actions to ensure compliance with subagreement
96 performance, financial terms and conditions, and with all applicable federal
97 rules and regulations. Taking this approach focuses monitoring on
98 subrecipients who are at greatest risk or potential for non-compliance.

99 In addition to routine monitoring procedures, RFS will work with PIs and
100 department administrators to establish channels of communication with
101 subrecipients that require further scrutiny. Administrators at such subrecipient
102 sites may be asked to complete questionnaires (to be filed at GSU)
103 documenting their internal controls and grants management procedures. In
104 addition, subrecipients that are not subject to A-133 (foreign entities or for-
105 profit/commercial concerns) may be asked to submit supporting documentation
106 in the form of original receipts, copies of payroll records, audits, etc. if
107 circumstances warrant.

108 **Subrecipients Not Subject to A-133 (including foreign and for-profit entities)**

109 Because A-133 does not apply to foreign or for-profit subrecipients, GSU may establish
110 its own requirements, as necessary, to ensure compliance by such subrecipients and
111 will use subrecipient monitoring techniques similar to those used for entities that are
112 subject to A-133. Contracts with foreign or for-profit subrecipients should describe
113 applicable compliance requirements and responsibilities. Methods to assess compliance
114 with federal subawards made to foreign or for-profit subrecipients may include pre-
115 award audits, on-site visits or discretionary audits.

116 **SUBAWARD MODIFICATIONS**

117 It may be necessary during the course of a subaward to change one or several terms or
118 conditions of award. Normally, the terms and conditions for a subaward remain fixed
119 for the duration of the project period. Changes to the subaward such as continuation
120 funding, no-cost extensions, or other administrative changes are initiated by the prime
121 PI submitting a Subcontract Request form to Office of Sponsored Programs (OSP). This
122 form is on URSA's web site at:
123 http://www.gsu.edu/research/awards_management.html, under Forms.

124 It is the responsibility of the PI to let OSP know if a project will continue and whether a
125 new or continuing subaward should be issued. One month prior to termination of a
126 subaward, the PI should notify OSP whether or not it will be necessary to extend the
127 current subaward. The PI should address the following issues for continuation of a
128 subaward:

- 129 1. Has the subrecipient institution made progress on its scope of work?
- 130 2. Is there any change in scope of work or key personnel at the subrecipient
131 institution?
- 132 3. Are billings current and, if not, is it related to a slow-down or other problems in
133 the work? (OSP can contact the subrecipient to request overdue billings.)
- 134 4. Should the subaward be funded at the original proposed level for the following
135 budget period, and does OSP have a copy of the approved budget?

136 Changes in scope of work, institution, or subaward PI may need sponsoring agency
137 approval before OSP can amend a subaward. Therefore, agency guidelines should be
138 consulted prior to modifying a subaward. Any request from the subrecipient to OSP will
139 be sent to the PI for approval.

140 Note that an increase in budget for an existing subaward must have a revised or
141 continuation budget attached to the Subcontract Request Form or be on file with OSP.

142 **SUBAWARD CLOSE-OUT**

143 If the PI indicates that the subaward will not be extended, RFS will proceed with the
144 close-out obligations. RFS must close-out subawards according to sponsor policies. It is
145 the responsibility of RFS to notify the subrecipient of close-out obligations. Examples of
146 close-out documents that must be received from the subrecipient include: 1) a final
147 technical report; 2) a final invoice; 3) a final invention statement; and 4) a final
148 inventory property report, if required by the prime grant.

149 RFS, if required, will also send the following close-out documents to subrecipients
150 funded under federal contracts prior to final payment: 1) Subcontractor's Release; and
151 2) Subcontractor's Assignment of Refunds, Rebated, Credits and Other Amounts.

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Responsible Party	Actions/Steps Needed
Office of Sponsored Programs	<p><u>Subaward Agreement Development.</u></p> <ol style="list-style-type: none"> 1. With input from the Principal Investigator and/or department administrator, the assigned Sponsored Programs Officer/Sr. Officer drafts the subaward agreement document. 2. Assures that GSU will enter into an agreement with a qualified and eligible entity (check the government's exclusion list at: www.epls.gov). For organizations other than another university, college or university-affiliated hospital, such as small businesses, non-profits, or clinics, OSP will determine the capabilities and adequacy of the subrecipient's financial and management systems as prescribed by applicable circulars (A-87, A-102, or A-122); 3. Ensures appropriate terms and conditions of the prime agreement are flowed down to <i>any</i> lower-tier recipient in subcontract agreement; 4. Negotiates terms and conditions of subcontract agreement with subrecipients; and 5. Prepares subcontract modifications, as appropriate.
GSU PI and/or Unit Administrator	<ol style="list-style-type: none"> 1. Monitors periodic progress reports submitted by the subrecipient on a timely basis. Non-compliance with technical reporting requirements or dissatisfaction with level of subrecipient progress should be reported immediately to University Research Services and Administration (URSA). Any unusual or unforeseen items should be investigated and documentation thereof should be retained in the department's files for ready access by regulators. In some cases, subaward terms may require specified deliverables in addition to, or in lieu of, technical reports. 2. Reviews invoices from the subrecipients monthly for compliance with the terms of the contract. Invoices should be checked to ensure that they are reflective of progress. The PI should initial and date the original invoice, indicating review and approval for payment. Once approved by the PI, department administrators will initiate the request for payment of the invoice utilizing the established process. Evidence of the regular review of invoices by both the PI and

the department administrator should be in place and retained on file. "Evidence" can be in the form of PI initials or authorizing signature on invoices, e-mail communications, notes of meetings with the department administrator, etc. **NOTE:** PI should not process final invoice until all required reports have been received from the subrecipient.

3. Compares subrecipient invoices to established subaward budgets. Request clarification of invoiced charges for any unusual, miscellaneous, apparently excessive or other charges invoiced by the subrecipient. If the explanations are not sufficient to render a prudent judgment on the allowability of the cost, and the terms of the subcontract permit, department administrator may request detailed justifications from subrecipients. Department administrator may also periodically request, if the terms of the subcontract permit, particularly from high-risk subrecipients, detailed support for selected invoiced charges to verify their appropriateness and reasonableness. Examples of detailed justifications that may be requested from subrecipients include:

- a. Payroll records/data
- b. Copies of paid invoices showing the cost of items purchased and Vendor Justification Forms if required by Federal contract
- c. Descriptions of services rendered by consultants including hourly rates and time reports
- d. Details of incurred travel charges, stating the purpose, airfare, meals, ground transportation, unallowable costs, etc.
- e. Costs determined to be unallowable or unreasonable should be disallowed
- f. In circumstances where questionable costs remain unresolved, particularly when subcontract terms do not permit requesting supporting documentation, it may become necessary to conduct a definitive audit of all or a portion of questionable costs. In these cases, department administrators may contact Research Financial Services for coordination of subsequent actions with the appropriate subrecipient administrative office.

	<p>4. Conducts on-site visits to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file.</p> <p>5. Contacts RFS and Auditing and Advisory Services for assistance if a discretionary audit is warranted.</p> <p>6. Notifies RFS by email or letter that the terms of the subaward have been met and final payment processed.</p>
<p>Research Financial Services</p>	<p>1. RFS staff ensures that a current A-133 certification or audit report is received from subrecipient annually and reviews for instances of noncompliance or reported findings to determine whether adjustments are needed to GSU records. In instances of noncompliance, RFS will obtain assurance from the subrecipient that corrective action efforts have taken place, review the corrective action plan to ensure subrecipient compliance, and may make a determination for adjustment of their own records or on-site monitoring. Certifications and reports will be retained by RFS for a period of three (3) years after termination of the subaward. Lack of response by a subrecipient to audit findings is a condition for default of the agreement and GSU could suspend or terminate the subaward. Alternatively, RFS staff may view the subrecipient's A-133 report in the Federal Audit Clearinghouse (FAC) database (http://harvester.census.gov/sac). This web site provides evidence to verify that the subrecipient has completed an A-133 audit and to assess the presence of audit findings. This FAC verification would be done in lieu of reviewing A-133 reports submitted by the subrecipient to GSU. In cases of continued inability or unwillingness of a subrecipient to have the required audits, GSU may consider taking appropriate sanctions.</p> <p>2. RFS conducts monthly sample reviews of invoices for allowability and compliance with the following fiscal requirements:</p> <ul style="list-style-type: none"> a. The requested payment falls within the subaward dates.

	<ul style="list-style-type: none">b. The current invoice amount is added to cumulative amount invoiced, and matched against the total amount authorized in the subaward.c. If either the dates or amounts are inconsistent with the subaward, refers the invoice and file to the Research Financial Officer/Sr. Officer to determine the need for changes to the invoice or subaward (i.e. extensions).d. Calculations for the fringe benefit and F&A charges on the invoice, if any, are verified for accuracy in terms of the subaward approved budget and F&A cost rate agreement.e. Any unusual or unallowable charges on the invoice are referred to the Research Financial Officer/Sr. Officer and to the subrecipient institution for clarification, if necessary.f. Invoicing that is significantly behind in timing or in amounts, based on the subaward terms, must be referred to the Research Financial Officer/Sr. Officer and the PI for consultation on acceptable performance by the subrecipient institution.g. The invoice payment is checked against the proper account code in Spectrum, to ensure the GSU F&A or indirect cost rate is applied correctly. Of special concern are expenses on Account Code 753910. This code is subject to F&A. <p>3. RFS conducts subaward closeouts.</p>
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APPENDIX A—CHECKLIST ON TYPE OF AGREEMENT

172 **A. Subaward:**

173 A **subrecipient** is an entity receiving a portion of the funds from the sponsored award
174 if it:

- 175 _ Has programmatic involvement in the project identified as a separate scope of work,
176 with separate budget and organization approval;
- 177 _ Has its performance measured against whether the objectives of the project are met;
- 178 _ Has responsibility for programmatic decision-making;
- 179 _ Has responsibility for adherence to applicable program compliance requirements;
- 180 _ Uses the sponsored funds to carry out a program at their organization as compared to
181 providing goods or services for a program at GSU;
- 182 _ Has responsibility for assisting in completion of project deliverable and/or technical
183 report;
- 184 _ Has the right to publish project results or serve as a co-author (*the rights and the*
185 *obligations* stated in the prime grant terms and conditions generally are flowed down to
186 a subrecipient);
- 187 _ Has the option to develop patentable technology.

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189 **B. Procurement (personal service contract, purchase order etc):**

190 A **vendor** is an entity receiving a portion of the funds from the grant if it:

- 191 _ Provides the goods and services the project requires within their normal business
192 operations;
- 193 _ Provides similar goods or services to many different purchasers (this includes
194 fabrication of new goods, consultants, editors, etc.);
- 195 _ Operates in a competitive environment (a for-profit organization or an entity/
196 university providing a testing service);
- 197 _ Is not subject to terms and conditions/compliance of the sponsoring agency (however
198 this is not always the case: some sponsors require that *obligations* and *compliance*
199 *requirements* in the terms and conditions of the prime agreement be flowed down to
200 *any* lower-tier recipient; the *rights* granted to GSU by the sponsor, however would not
201 be flowed down, as procurement is considered work for hire and anything produced by
202 the vendor is owned by GSU) ;
- 203 _ Is not involved in the programmatic work of the project, including project deliverable
204 or technical report.

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