

## 1102-006.01: Subrecipient Monitoring Procedure

This procedure implements CSU systemwide policy for Sponsored Programs Administration: [Sponsored Programs Subrecipient Monitoring Policy](#) (ICSUAM #11002.06) – including sections on [risk assessment on Federal awards](#), [subrecipient invoice review](#) and [roles and responsibilities](#).

### Monitoring & Risk Assessment

#### **Summary**

This procedure applies to all subrecipients funded by federal awards (direct or pass through) and does not apply to contractors, vendors or consultants which are subject to University Enterprise Corporation's (UEC) procurement policies/procedures.

When UEC issues a subaward to a subrecipient, UEC is considered the pass-through entity and the federal government requires monitoring of the subrecipient by the pass-through entity throughout the period of performance under a subaward. The purpose of subrecipient monitoring is to ensure that the subaward is used for authorized purposes, is implemented in compliance with applicable Federal law (statutes and regulations) and the terms and conditions set forth in the subaward, and the performance goals are achieved.

A subrecipient is a non-Federal entity that receives a subaward from a pass through entity to carry out part of a Federal program. The determination of whether an individual or entity is a subrecipient or contractor/vendor is made during the proposal development phase per 2 CFR 200.331. In some instances, review may be done during the post-award management phase and when new subrecipients or contractors are requested by the Principal Investigator (PI) after the award is received.

The Office of Research & Sponsored Programs (ORSP) and the Office of Sponsored Programs Administration (SPA) are responsible for ensuring both that itself (when it is a subrecipient) and its subrecipients comply with Uniform Guidance ([2 CFR 200](#)) under federal awards. The process below details responsibilities for subawards to entities outside of the CSU.

For subawards within the CSU, campus audit findings are included in the CSU consolidated single audit report – and the Chancellor's Office is involved in the audit resolution process for all campus and auxiliary single audit findings, therefore additional subrecipient monitoring for CSU campuses and auxiliaries is not required under federal or other awards. *Within the CSU, university and auxiliary sub awardees are considered low risk, and any additional monitoring or subaward language is at the discretion of the SPA Director.*

#### **Process**

Coordination is necessary between ORSP, PI, and SPA to ensure appropriate determination is made, appropriate documentation is collected, and monitoring responsibilities are fulfilled.

#### **All Subawards:**

1. The Director of ORSP, or designee, is responsible for negotiating agreements with subrecipients with assistance from the Principal Investigator (PI) to define the scope of work, dates, budget and deliverables to be performed under the subaward. Among other things, the agreement will address

audit requirements similar to those required under the Federal Demonstration Partnership (FDP) Subaward Agreement.

2. When the SPA Research Analyst (RA) receives a fully executed award containing a subrecipient and award set up is complete they will request a PI complete a Request for Contract form to initiate the subaward process. The subaward will be prepared and issued by the assigned RA.

***Subawards Under Federally Funded Agreements:***

1. In addition to items 1 and 2 from above, during the proposal development process, ORSP staff will also request a Subrecipient Commitment form designed to assist with subrecipient monitoring. When sponsor specific requirements apply they will also request additional certifications.
2. Risk Assessment: For all new subawards subject to this procedure SPA Director or designee will assess the risk by reviewing the Subrecipient Commitment Form prior to issuing a subaward:
  - A review will be conducted of the subrecipient responses on the Subrecipient Commitment Form for compliance with federal and sponsor-specific requirements (e.g. IRB, IACUC, Conflict of Interest, Export Control). The review will also include a verification in SAM.gov that the subrecipient and PI(s) are not debarred, suspended or otherwise restricted from receiving federal funds. A subaward may not be issued if the subrecipient cannot comply with federal and/or sponsor regulations.
  - The Subrecipient Risk Assessment Questionnaire will be used to document the risk assessment and determine the risk level. Review of the documents and completion of the Subrecipient Risk Assessment Questionnaire should be done prior to issuing the subaward but may be done prior to issuing the first payment if a subrecipient is known to be medium or low risk. SPA will adhere to the following process based on the determination using the Risk Assessment Questionnaire:
    - Low Risk:
      - a) SPA Director or designee: Review most recent subrecipient Single Audit Report to determine there are no relevant audit findings and if there are relevant findings, review the Risk Assessment form to ensure that the risk level as not changed. No additional monitoring steps necessary.
      - b) RA: No additional monitoring.
    - Medium Risk:
      - a) SPA Director or designee: Review subrecipient financial statements and/or annual audit reports, accounting policies and procedures, Subrecipient Commitment Form and determine if additional language is needed in the subaward template to facilitate any necessary post-award monitoring, which may include requesting a detailed general ledger of costs with invoices for reimbursement. If additional language is necessary, it will be incorporated on Attachment 4 of the Subaward, indicating that additional documentation may be required prior to payment of the invoice. The subaward will be identified for post-award monitoring.
      - b) RA: In accordance with subaward, conduct random audits of certain expenditures from subrecipient invoice, and may request additional documentation, if necessary.
    - High Risk:
      - a) SPA Director or designees: Review subrecipient financial statements and/or annual audit reports, accounting policies and procedures, Subrecipient Commitment Form, and working with the PI, determine what additional language is needed in the subaward

template to facilitate any necessary post-award monitoring, which may include requesting specific detailed backup documentation with invoices for reimbursement. Additional language will be incorporated on Attachment 4 of the Subaward and will be identified for post-award monitoring.

- b) RA: In accordance with subaward, conduct random audits of certain expenditures from subrecipient invoice; request backup documentation, as necessary prior to payment of invoice.

### 3. FFATA Compliance

The SPA Director or designee will report subrecipient information in compliance with Federal Financial Accountability and Transparency Act (FFATA). FFATA requires prime recipients of federal grants or contracts to report specific information about their 1<sup>st</sup> tier sub-grants (see Guidelines for thresholds). The SPA Director or designee will enter the required information on the FFATA Subaward Reporting System (FSRS.gov) – within the month following the execution of a 1<sup>st</sup> tier subaward. Refer to Guidelines section for links to regulations and web pages.

### 4. Annual Review:

- SPA Director or designee will review audit documentation (from the FAC or the subrecipient) for all federally funded subrecipients. If no relevant findings, the review completion date will be noted on the Annual Subrecipient Review Log.
  - If relevant findings are confirmed, the SPA Director or designee will contact the subrecipient to review the corrective action plan (CAP). The agreed upon plan will be documented and subrecipient will be required to provide a copy for SPA records. Additionally, the finding will be indicated on the Subrecipient Review Log that findings exist and date of implementation of the CAP or the date for follow-up to determine if the CAP has not been implemented. Use of best judgement will be used when determining if a finding is relevant to the specific project.
    - If follow-up is necessary, the resolution will be noted on the Subrecipient Review Log and any additional paperwork that has resulted from the CAP will be provided to the assigned RA to file in appropriate Subaward file.
  - If findings are not resolved or corrective actions have not taken place – the SPA Director or designees will notify the PI to determine next steps, which may include withholding invoice payments and/or subaward termination.
  - Once final review is complete the SPA Director will note the completion date on the Subrecipient Review Log.
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## **Subrecipient Invoice Review**

### **Summary**

At the time the subaward is negotiated, it will be agreed that the subrecipient will be paid in accordance with a payment schedule incorporated into the subaward. Invoices may be sent electronically to the University Enterprises Corporation at CSUSB (UEC) financial contact (RA) according to the invoicing terms in the subaward. This is typically can be monthly or quarterly (as specified), with the final invoice due within 30 to 60 days after the subaward end date depending on the sponsor's due date for submission of the final financial report.

### **Post Award Review**

Invoices and supporting documentation are reviewed by the RA to ensure that:

- Costs are allowable as direct costs per Procedure #203-005.01, Allowable Costs: Direct and Indirect/F&A.
- Any cost sharing or other requirements are met.

RA will forward invoice to PI for review and approval/affix the PI invoice certification wording on invoice.

Once the approved invoice has been returned to the RA the invoice will be:

- Approved by the assigned RA
- Logged into the payment tracking log.
- Sent to Financial Services/Accounts Payables for payment processing.

### **Principal Investigator (PI) review**

The PI is responsible for reviewing the costs reported and/or deliverables received as well as all supporting documentation to verify that they are reasonable and appropriate for the progress completed on the subaward-

- If approved, the PI will sign and date the subrecipient invoice – and forward to their assigned RA for approval.
- If not approved, the PI will contact their assigned RA to discuss how to proceed.

### **Roles & Responsibilities**

**PI:** Overall responsibility of management of subaward and ensuring completion of work. Responsibilities include:

- A. Provide ORSP with scope of work, deliverables, timeline and budget for incorporation into subaward.
- B. Work with ORSP Director and/or SPA Director on issues regarding high risk subrecipients and annual subrecipient monitoring.
- C. Review/approve subrecipient invoices timely to ensure work and effort committed is appropriate and align with the approved budget and scope of work.
- D. Reviews technical or performance reports submitted by the subrecipient.
- E. Notify RA on if work not being completed on schedule or if there are any other concerns about performance.

#### **ORSP:**

Director or designee:

- A. Make determination on whether agreement is a subrecipient or contractor (vendor).
- B. Collaborate with PI to define scope of work, dates and deliverables to be performed under the subaward.
- C. Request a Subrecipient Commitment form at proposal stage on all federally funded projects, designed to assist with subrecipient monitoring.
- D. When sponsor specific requirements apply they will request additional certifications.

#### **SPA:**

Director or designee:

- A. Overall responsibility for subaward negotiation and risk management resolution, if applicable.
- B. Prepare initial risk assessment and/or ensure appropriate measures are put into place in the subaward to manage risk, when necessary.
- C. Incorporate additional terms and conditions into the subaward to manage risk, if necessary.

The following applies to federally funded subawards:

- D. In the rare instance of a subrecipient being designated “High Risk” – work with PI and ORSP Director to determine next steps, which may include selection of a new subrecipient if risk cannot be minimized.
- E. Enter the required information on the FFATA Subaward Reporting System (FSRS.gov).
- F. Perform annual review of subrecipients in accordance with this procedure, working with the PI and/or RA, as necessary.
- G. Update subrecipient review log to document compliance with federal subrecipient monitoring requirements.

RA:

- A. Review of subrecipient invoices, ensure appropriate documentation submitted, and obtain necessary approvals from PI.
- B. Log PI approved invoice into payment tracking log.
- C. Submit approved subrecipient invoices to Financial Services for payment processing.

### **References**

For definitions of key words in this procedure, refer to the CSU systemwide [Sponsored Programs Definitions Policy](#) (ICSUAM #11001.01).

### **Guidelines**

CSYou CSU subrecipient page:

<https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/spa/Pages/CSU-Subrecipients.aspx>

Uniform Guidance ([2 CFR 200](#)) - Subrecipient Monitoring & Management

[§200.331 Subrecipient and contractor determinations.](#)

[§200.332 Requirements for pass-through entities.](#)

[§200.333 Fixed amount subawards](#)

[Public Law 109-282 – FFATA Federal Financial Accountability and Transparency Act](#)

[FSRS.gov](#)