

502-006-A: Subrecipient Monitoring Procedure

This procedure implements CSU systemwide policy for Sponsored Programs Administration: [Sponsored Programs Subrecipient Monitoring Policy](#) (ICSUAM #11002.6) – including sections on risk assessment on Federal awards, subrecipient invoice review and roles and responsibilities.

Monitoring & Risk Assessment

Summary

A subrecipient is the recipient of a subaward for the performance of a portion of the work statement covered by a prime agreement that is funded either directly or indirectly with external funds. This process does not apply to contractors, vendors or consultants which are subject to University Corporation's procurement policies/procedures. The determination of whether an individual or entity is a subrecipient or contractor/vendor is made during the proposal development phase, but may be reviewed 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 Sponsored Programs Office (SPO) and University Corporation 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.

Process

All Subawards:

1. The Director of Sponsored Programs, or designee, is responsible for negotiating agreements with subrecipients. Among other things, the agreement will address audit requirements similar to those required under the Federal Demonstration Partnership (FDP) Subaward Agreement. For Federal subawards, the FDP Subaward Agreement will be based on the FDP audit requirements verbatim.
2. When the Corporation Post-Award Analyst receives a new award with subrecipients identified, they will assign each subrecipient a PeopleSoft Account code(s) for the appropriate allocation of indirect (F&A) costs.

Subawards Under Federally Funded Agreements:

1. Risk Assessment: For all subawards subject to this procedure, the University Corporation Controller and the Director of Sponsored Programs will assess the risk by having the subrecipient complete the Subrecipient Commitment Form prior to issuing a subaward.
 - The Sponsored Programs Office reviews 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). A subaward may not be issued if the subrecipient cannot comply with federal and/or sponsor regulations.
 - The Subrecipient Risk Analysis Form will be used to document the risk assessment and determine the risk level. The Controller will review the documents and complete the Subrecipient Risk Analysis form which 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. The following process will be followed based on the determination using the Risk Assessment Form:
 - Low Risk:
 - ✓ Controller: Review most recent subrecipient Single Audit Report to determine there are no relevant audit findings and if there are relevant findings, refer to step 2, below. No additional monitoring steps necessary.
 - ✓ Post-Award: No additional monitoring.

- Medium Risk:
 - ✓ Controller: Review subrecipient financial statements and/or annual audit reports, accounting policies and procedures, Sub-Recipient Mini-Audit Questionnaire and determine if additional language is needed in the subaward template to facilitate any necessary post-award monitoring. If additional language is necessary, Sponsored Programs will incorporate it into the Subaward and will be identified for post-award monitoring.
 - ✓ Post-Award: In accordance with subaward, conduct random audits of certain expenditures from subrecipient invoice, and may request additional documentation, if necessary.
 - High Risk:
 - ✓ Controller: Review subrecipient financial statements and/or annual audit reports, accounting policies and procedures, Sub-Recipient Mini-Audit Questionnaire, and determine if additional language is needed in the subaward template to facilitate any necessary post-award monitoring, which may include requesting specific backup documentation with invoices for reimbursement. Additional language will be incorporated on Attachment 2 of the Subaward and will be identified for post-award monitoring.
 - ✓ Post-Award: In accordance with subaward, conduct random audits of certain expenditures from subrecipient invoice; request backup documentation, as necessary prior to payment of invoice.
 - Extreme Risk:
 - ✓ Controller: Meet with Sponsored Program Director and PI to determine best course of action prior to executing any subaward.
 - If risk can be reduced to a lower level, follow appropriate monitoring steps above.
 - If risk cannot be reduced, SP Director will meet with PI to determine next steps.
2. Annual Review:
- Controller will review audit documentation (from the FAC or the subrecipient) for all federally funded subrecipients. If no relevant findings, the Controller will note the review completion date on the Subrecipient Log.
 - If relevant findings are confirmed, the Controller contacts the subrecipient to review the corrective action plan (CAP). The Controller will document the agreed upon plan and provide a copy of the CAP to Post Award Analyst. Additionally, the Controller will indicate on the Subrecipient Log that findings exist, fill in the date of implementation of the CAP or the date for follow-up to determine if the CAP has not been implemented. The Controller will use their best judgment when determining if a finding is relevant to the specific project.
 - If follow-up is necessary, the Controller will note resolution on the Subrecipient Log and forward any additional paperwork that has resulted from the CAP to the Post Award Analyst to file in appropriate Subaward file.
 - If findings are not resolved or corrective actions have not taken place – the Controller will notify the Director of Sponsored Programs and the PI to determine next steps, which may include withholding invoice payments and/or subaward termination.
 - Once final review is complete the Controller will note the completion date on the Subrecipient Log

Subrecipient Invoice Review

Summary

The subaward will be negotiated by Sponsored Programs (Pre-Award) Office with assistance from the Principal Investigator (PI) to define the scope of work, dates, budget and deliverables to be performed under the subaward. 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 or will send invoices to the University Corporation financial contact according to the invoicing terms in the subaward. This is typically not more often than monthly, 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.

Process

Principal Investigator (PI)

The PI is responsible for reviewing the costs reported and/or deliverables received to verify that they are reasonable and appropriate for the progress completed on the subaward. University Corporation Accounts Payable will follow-up after five business days, if the PI has not yet reviewed and approved the invoice.

- If approved, the PI or the person with delegated signature authority will sign and date the subrecipient invoice and include the signed Subaward Invoice Certification Form; return it to Accounts Payable for final approval by the Post Award Analyst or Manager; and payment processing.
- If not approved, the PI will contact the responsible party in Post Award to discuss how to proceed.
- If subrecipient is determined to be Medium or High Risk, the PI may be required to review additional invoice documentation in accordance with the terms of the Subaward.

Procedure for Post Award Review

Once an invoice has been received, University Corporation Accounts Payable will forward to the PI for review and approval.

Once the approved invoice has been returned to University Corporation Accounts Payable, the invoice is forwarded to the Post Award Analyst for review to ensure that:

- The invoicing period is within the subaward period and amounts.
- The costs are allowable as direct costs per Procedure #503-005-A, Allowable Costs: Direct and Indirect.
- Any cost sharing requirements are met.
- For Subrecipients identified as Medium or High Risk (during the pre-award review), follow any additional requirements related to invoicing incorporated into the subaward on Attachment 2 (Additional Subaward Terms & Conditions).

Once approved, the Post Award Analyst will route the subrecipient invoice to University Corporation Accounts Payable for payment processing.

Roles & Responsibilities

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

- A. Provide SPO with scope of work, deliverables, timeline and budget for incorporation into subaward.
- B. Work with SP Director and/or Controller on issues regarding subrecipient risk and annual subrecipient monitoring.
- C. Review subrecipient invoices timely and notify the Corporation Post-award Analyst if work is not being completed on schedule or if there are other concerns about subrecipient performance.

Dean (or other administrator): N/A

Corporation, Post-Award Admin:

Controller:

- A. Prepare initial risk assessment and work with SP Director to ensure appropriate measures are put into place to manage risk, when necessary.
- B. Perform annual review of subrecipients in accordance with this procedure, working with SP Director and PI, as necessary.
- C. Update subrecipient log to document compliance with federal subrecipient monitoring requirements.

Post-award Analyst:

- A. Work with PI on approval of subrecipient invoices.
- B. Coordinate with Corporation AP to ensure timely payment of subrecipient invoices.

- SPO:** Overall responsibility for subaward negotiation and risk management resolution. Responsibilities include:
- A. Collaborate with PI on budget, scope of work, deliverables and terms and conditions of the subaward to manage risk (when necessary).
 - B. Work with Controller on subrecipient risk assessment and incorporate additional terms and conditions into the subaward, if necessary.
 - C. In the rare instance of a subrecipient being designated “Extreme Risk” – work with PI to determine next steps, which may include selection of a new subrecipient if risk cannot be minimized.

References

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

Guidelines

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

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

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

[§200.332 Fixed amount subawards](#)

Forms

Subrecipient Risk Assessment

University Corporation at Monterey Bay

Subrecipient Risk Assessment

Sponsored Programs

Project ID:
 Subrecipient Name:

#	Criteria	Low Risk	Medium Risk	High Risk	Assessment 0 = low 1 = med 2 = high	Weight	Weighted Score
1	Foreign or Domestic Entity	Domestic		Foreign		4	0
2	Maturity of the Organization	Mature	Few Years in Operation	Start-up		4	0
3	Organization Type	University	Non-Profit	Industry		4	0
4	Granting Agency	Private or Foundation	Non-Federal Government	Federal Government		3	0
5	Award type from Granting Agency	Grant		Contract or Subcontract		4	0
6	Amount Subcontract	<\$100k	>\$100K; <\$300K	>\$300K		3	0
7	Percentage of UCorp Award Subcontracted	<30 %	>30 %; <49.9 %	>49.9 %		2	0
8	Accounting Systems Established	Professional	Small Business System	None		2	0
9	Procurement Systems	approved	In Place/not approved	ad hoc		2	0
10	Negotiated Indirect Cost Rate Agreement	Yes		No		2	0
11	Audit Report	A-133	Other Audit Reports	No Audit Report		2	0
11a	If A-133 audit, are there any findings?	No		Yes		4	0
12	Prior experience working with UCorp?	Previous positive experience	Some experience: average	New Subrecipient, or previous negative experience		2	0
13	ITAR/EAR (Export Controlled) Type of work	No		Yes		2	0
14	Compliance (humans, animals, DNA, stem cells)	No		Yes		2	0
15	Location of Work	At subrecipient's facility		At CSUMB		2	0
16	Relationship of subrecipient to PI and potential for conflict of interest	No existing or former relationship to PI		PI's relative		1	0
17	Statement of Work & Deliverables	Report only		Tangible products; pivotal to success of project		4	0
18	"Advantaged" status claimed?	Not small business, HUB zone, etc.		Yes		1	0
19	Special Considerations: up to an additional 2 points; e.g. high \$						0

Total Risk Score: 0
 Maximum Score: 100

Risk Classification Scale: Low = 0-40 Medium = 41-75 High = 76-99 Extreme = 100

Risk Classification:

Assessment performed by:
 Date of Assessment:

Signature: