

The University of Alabama
Research and Economic Development
Office for Sponsored Programs and Contract & Grant Accounting
Policies and Procedures for Subrecipient Monitoring

Subrecipient Monitoring

The University of Alabama, as a prime recipient, is responsible for ensuring that all awarded project activity, including that of its subrecipients, is compliant with award terms and conditions and applicable federal regulations.

Roles and Responsibilities

Principal Investigator (PI): Uniform Federal guidance requires that the University make a case-by-case determination of whether each agreement to disburse federal funds is a contract for the procurement of goods and services or a subaward for the purpose of carrying out a portion of the University's award. In general, a subrecipient has its performance measured in relation to whether objectives of the University's award were met and has some responsibility for programmatic decision making while a contractor provides similar goods or services within its normal business operations and operates in a competitive environment. Subrecipients are subject to the monitoring described in this policy while contractors are subject to the University's standard procurement policies and procedures. During proposal development, the PI should work with the Office for Sponsored Program (OSP) to make the appropriate determination and, if arguable, document that the substance of the relationship supports the final determination (see the University's determination [checklist](#)).

Before selecting a potential subrecipient, the PI should be aware that submission of a proposal requires certification that, "No University of Alabama employee or official, and no family members of a University of Alabama employee or official, and no sponsoring agency employee or official, will receive a benefit as a result of this proposed project, except as has been previously disclosed in writing to the University. I understand that I must disclose any benefit provided to a family member, University employee/official, or sponsoring agency employee or official." It is the PI's responsibility to comply with University of Alabama Conflict of Interest Policies and Procedures, http://osp.ua.edu/site/RC_Col.html. A subrecipient should be selected based upon its technical expertise and potential ability to perform the scope of work and comply with the administrative requirements applicable to the award. OSP's role in reviewing the subrecipient's administrative capability is described below.

The Federal Government places primary responsibility for management of federally funded projects with the PI. This includes monitoring of subrecipients, particularly the subrecipient's technical and/or programmatic activities. The PI should work with OSP to ensure any programmatic reporting requirements for the subrecipient are included in the subaward agreement. The PI is responsible for verifying the subrecipient work is conducted in a timely manner and the results are consistent with the proposed statement of work. Other responsibilities include reviewing and approving subrecipient invoices, verifying that the amount being requested for payment is consistent with the amount of effort performed during the billing period and that any technical reports or other deliverables required under the subcontract are received and reviewed. While the University must not pay a subrecipient until the charges have

been documented to be appropriate, any questions or problems that may cause a delay in payment must be documented as the University is also required to make payment within 30 calendar days unless there is reason to believe the request to be improper. Please contact Contract and Grant Accounting (CGA) immediately with any concerns about potential improper requests or other reasons for potential delays in your approval of subrecipient invoices.

Departmental Administrators: Departmental grant administrators should assist PIs in carrying out their subrecipient monitoring responsibilities. This includes comparing each subrecipient invoice to the approved sub-award budget to ensure invoices are within the parameters of the budget, evaluating whether charges are allowable, allocable and reasonable and ensuring that invoices are approved by the PI and submitted to CGA on a timely basis. If there are any questionable charges invoiced by the subrecipient, the department should request clarification from the subrecipient. If the explanations are not sufficient to render an informed judgment on the allowability of the cost, the departmental administrator should work with CGA to request additional detailed support (which could include documentation). Charges lacking sufficient support to verify their appropriateness will be rejected for payment but this should be documented as the University is required to make payment within 30 calendar days unless there is reason to believe the request to be improper. Departmental Administrators can also assist PIs in their management of Subrecipient technical reports.

The Office for Sponsored Programs: OSP is responsible for the oversight of subrecipient monitoring. These responsibilities include:

- Determining, with the PI, whether a subrecipient or contractor relationship exists and, if arguable, documenting the basis (see the University's determination [checklist](#));
- Ensuring any subrecipient is included in the proposed budget accepted by the awarding agency or has received prior written approval from the agency;
- Determining whether or not the subrecipient or its PIs are debarred or suspended from receiving Federal funds;
- Identifying in the subaward agreement if it is federally funded and including the federal award identification and other available required information (2 CFR 200.331(a));
- Including in the subaward agreement all requirements imposed on the subrecipient so that federal funds are used in accordance with federal statutes, regulations, and the terms and conditions of the University's award;
- Including in the agreement any required financial and performance reports and any other requirements necessary for the University to meet its responsibility to the awarding agency;
- Ensuring the subrecipient's federally recognized indirect cost rate is used or, absent a federally negotiated rate, the de minimis rate of 10% (subject to sponsoring agency or program limitations);
- Requiring subrecipients to permit access, as necessary, to their records by the University and auditors;
- Evaluating each Subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward, including confirming past performance with CGA, and determining appropriate monitoring based on that assessment;
- Including in subaward agreements any specific subaward conditions determined appropriate based on the above risk assessment;
- Monitoring for compliance with federal audit requirements and working with CGA to issue management decisions, determine whether the results of the subrecipient's audits or other monitoring necessitate adjustment to the University's records and ensuring that subrecipients take timely and appropriate action on all deficiencies on federal funds provided by the University.

- Working with CGA and other offices to determine any necessary enforcement action against noncompliant subrecipients.
- Working with the PI and CGA to determine, with prior funding agency approval and up to the Simplified Acquisition Threshold (currently \$150,000), if any proposed fixed amount subawards are appropriate based on federal requirements for fixed amount awards in 2 CFR 200.201.

Contract and Grant Accounting: CGA is responsible for the oversight of financial monitoring which includes ensuring that:

- UA has in place a fully executed Subagreement before any payments are made to the subrecipient;
- Invoices are for costs incurred within the period of performance, they do not overlap or duplicate previous invoices and they are within established subaward budgets;
- Charges (expenditures) add correctly on subrecipient invoices and appear to be allocated based on proportional benefit and not based on allocation of budget;
- Indirect Cost (F&A) is calculated correctly, if applicable;
- Any committed cost share is included in the invoice, and supported, if required;
- Each invoice is signed by subrecipient officials and includes a statement certifying that costs are in compliance with Federal costing principles and/or sponsor requirements;
- The PI has signed the invoice approval form, verifying that the subrecipient is performing as expected, the amount being requested for payment is consistent with the amount of effort performed during the billing period and that any technical reports or other deliverables required under the subcontract have been received and reviewed;
- Invoices are paid in a timely manner, if there is no indication that the request might be improper;
- Final invoices are marked final and a subcontractor release form is received or an email verification may be received, instead, stating the information is final. If no response is received from the subcontractor, after the subcontractor's reporting deadline, CGA will close the sub unilaterally in order to meet the University's federal reporting requirements;
- Performance of a post award audit of expenditures that do not appear allowable, allocable, reasonable and/or consistently treated.

CGA will also work with OSP in conducting risk assessments and determining based on those assessments whether any specific conditions will be included in agreements with the subawardee. CGA will be involved in the issuance of any management decisions and other subrecipient audit/review follow-up and in determining the appropriateness of any fixed amount subawards.