

A Guide to Sub-recipient Monitoring

1

**SPONSORED PROJECTS OFFICE
UNIVERSITY OF CALIFORNIA,
BERKELEY**

PAM MILLER, DIRECTOR

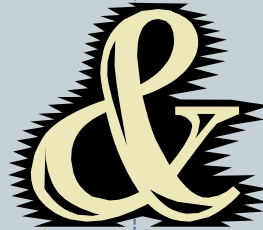
**SPO WOULD BE HAPPY TO
BRING THIS PRESENTATION
TO INDIVIDUAL UNITS.**

**CONTACT PAM MILLER
PLFMILLER@BERKELEY.EDU
FOR MORE INFORMATION**

Who is responsible for monitoring sub-recipients at Berkeley?

2

- Departmental Research Administrators



- Principal Investigators



Why is it necessary?

3

- Federal regulations require it.
- The sponsor expects it.
- The success of the project (**and future funding**) depend on it.

OMB A-133 Guides Sub-recipient Monitoring

4

The pass-through entity is subject to oversight per OMB Circular A-133

When the pass-through entity issues sub-awards it:

- A. Monitors the activities of its sub-recipients
- B. Ensures that federal awards are used in compliance with laws, regulations, and the provisions of agreements
- c. Ensures performance goals are achieved

A-133 Monitoring Expectations

5

Sub-Award Risk Assessment

Life-of-Award Monitoring

Award Closeout



Proposal Preparation Stage



**The First Question
You Should Ask:
Should this be a Sub-award?**

Sub-recipient or Vendor?

8

- **Sub-recipient**

- Provides significant portion of the programmatic effort
- Exercises independent responsibility for programmatic decisions
- Work could result in intellectual property or publishable results
- Could involve animal and/or human subjects approvals

- **Vendor**

- Sells goods and services
- Activities within normal business operations
- Same service to many “customers”
- Services ancillary to operation of sponsored project
- No compliance responsibilities
- **Note: Consultants are considered vendors because they are normally not receiving funds “to carry out” a part of the sponsored program.**

The Next Step:

9

The PI requests a proposal from potential sub-recipient(s) that includes:

- Statement of Work (SOW)
- Budget and Justification
- Sub-recipient Commitment form
- Any other documents required by your institution or by Sponsor, e.g., letter of commitment

What SPO Looks for:

10

- Evidence that this should be a sub-award
- Use of human subjects and/or animal subjects*
- Any potential conflict of interest*
- Assurances and certifications from sub-recipient
- Cost sharing commitments from the sub-recipient*
- Cost analysis for contracts and fixed price agreements

*Should be reflected on the PRF



Prime Award is Received

Now What?

12

- **PI/ Dept. must...**

1. Request that SPO issue a sub-award—**otherwise nothing happens.**

Important Status Definitions in COEUS:

- ✦ **Awaiting PI Request:** Subaward Request Form has not been submitted by Dept. to SPO/IAO
- ✦ **In Process:** Subaward Request Form has been received at SPO and subaward is being prepared
- ✦ **Awaiting Subawardee Response:** Subaward has been sent to subawardee but has not been returned fully signed.
- ✦ **Active:** The subaward is fully executed.

Now what? (cont.)

13

2. Provide SPO with the current SOW and budget

- ✦ If the work scope and or the budget for the subawardee has changed from the time of proposal submission, the Dept. should contact the subawardee and provide SPO with a revised SOW/budget

3. Provide a P.O. # (except for UC campus sub-awards)

4. Provide any human subject/animal care approvals

Before SPO Authorizes Work to Begin

14

- **Determines financial adequacy of the Subrecipient**
 - ✦ Acceptable A-133 or DCAA audit, or financial questionnaire
 - ✦ Obtain satisfactory evidence of F&A rates/FB rates
 - ✦ Conduct and document formal or informal cost & pricing analysis and certificate if needed
- **Verifies Sub-recipient is not debarred or suspended**
- **Obtains sole source justification if needed**
- **Verifies all necessary approvals have been received**
 - Agency prior approval normally needed for contracts
 - Some agencies require prior review of text
- **Ensures all compliance approvals have been obtained**
- **Make high-risk/low-risk determination**

Potential Indicators of High-Risk

15

- A qualified audit report, or failure to have a current audit report
- Inadequate response to a financial questionnaire
- History of non-compliance
- History of non-performance or failure to use funds for their authorized purposes
- New subrecipient (or new to this type of project)
- New personnel or systems
- Large subaward/large percentage pass-through
- Award size relative to subrecipient's sponsored research portfolio
- Criticality to overall success of pass-through entity's project
- Subrecipient in a remote location
- Type of subrecipient (is the subrecipient already subject to A-133?)

Potential Responses to High Risk Sub-recipients

16

- **Corrective Action Plan**
- **Discuss need for special monitoring with PI/department**
 - Ask for extra contact between PI and Sub's PI
 - Ask for more frequent technical reporting
- **Engage in “agreed-upon procedures engagements”**
- **Add more detailed or frequent invoicing requirements**
 - Add requirement for expenditure backup materials
- **Tie receipt of technical progress reports to payments**
- **Require on-site monitoring (technical and financial)**
- **Add more stringent termination or stop-work language for failure to comply with requirements**



Preparing the Sub-award

Issues to be Addressed

18

- Statement of Work
- Key Personnel
- Period of Performance
- Dollar Amount
- Payment Terms
- Prior Approvals
- Cost Sharing
- Reporting Requirements

- Intellectual Property
- Equipment Terms
- Indemnification, ITAR
- HIPAA, Rights in Data
- Publication, Termination
- Reference to Cost Principles
- Certs and Reqs/Assurance
- Flow-Down Requirements
- Audit Requirements

SPO's Responsibilities

19

- Incorporate and flow down appropriate T&Cs of prime to sub
- Establish payment and reporting terms and timelines
- Negotiate T&Cs with sub-recipient
- Obtain signed agreement from sub-recipient



Monitoring an Active Sub-award

PI/Department Responsibilities

21

- Is subawardee's work progressing according to schedule?
- Are deliverables/reports being provided in a timely manner?
- Are compliance requirements up-to-date?
- Do invoices reflect allowable, allocable, and reasonable costs?
- Are funds being spent according to the budget and project time lines?
- Is committed cost sharing verified?

Do Not:

22

- Approve invoices for payment if technical or financial reports are delinquent
- Approve invoices that are insufficiently detailed to ensure costs are:
 - Allowable
 - Allocable
 - Reasonable
- Approve invoices without PI review and approval

Do:

23

- Read and understand the subaward document
- Identify and establish good communication with subawardee's representatives from the beginning
- Keep track of subawardee expenses and progress
- Communicate any deficiencies to the subawardee in a timely manner
- Communicate with SPO if the subawardee is not meeting the terms and conditions of the subaward
- Involve the PI in the monitoring of the subawardee



Subrecipient Monitoring at Closeout

Ensure a Timely Closeout

25

- 90 days before the end date of the sub-award, confer with the Sub-recipient to determine whether work will be completed on time.
 - If not, request a no cost extension from prime. If a no cost extension is granted, UCB can decide to pass it through to the Sub-recipient.
- 30-90 days before the end, request an invoice marked “Final” and remind the Sub-recipient when it will be due
 - An invoice marked “***Final***” is always required.

Upon Expiration...

26

- Obtain all required reports from sub-recipient
 - ✦ **Project Performance**
 - Technical Reports
 - Project Deliverables
 - ✦ **Financial**
 - Final Invoice
 - Refunds, Rebates, Credits Form (if necessary)
 - Subcontractor's Release Form
 - Verify Fulfillment of Cost Sharing Requirements
 - Disallowances or disputed costs
 - ✦ **Fulfilled Obligations**
 - Patent
 - Property Reports
- Always review reports to make sure they are acceptable!

Closeout Checklist



27

- Verify fulfillment of any cost-sharing requirements
- Verify receipt of invoice marked “Final”
- Obtain signed Refunds, Rebates, Credits Form (if necessary)
- Verify clear understanding about record retention
- Audit sub-award (if necessary)
- Verify sub-recipient is not debarred or suspended
- Verify that sub-recipient has filed an audit report (or equivalent) through sub-award end date
- Adjust UCB’s records if necessary to reflect changes in sub-award costs

For More Information

28

SPO would be happy to bring this presentation to individual units.

Contact Pam Miller

plfmiller@berkeley.edu

For more Information



Questions?
Contact SPO!