A Guide to Sub-recipient Monitoring

SPONSORED PROJECTS OFFICE
UNIVERSITY OF CALIFORNIA, BERKELEY

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

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FOR MORE INFORMATION
Who is responsible for monitoring sub-recipients at Berkeley?

- Departmental Research Administrators
- Principal Investigators
Why is it necessary?

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

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?

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<th>Sub-recipient</th>
<th>Vendor</th>
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<td>o Provides significant portion of the programmatic effort</td>
<td>o Sells goods and services</td>
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<td>o Exercises independent responsibility for programmatic decisions</td>
<td>o Activities within normal business operations</td>
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<td>o Work could result in intellectual property or publishable results</td>
<td>o Same service to many “customers”</td>
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<td>o Could involve animal and/or human subjects approvals</td>
<td>o Services ancillary to operation of sponsored project</td>
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<td>o No compliance responsibilities</td>
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<td>o Note: Consultants are considered vendors because they are normally not receiving funds “to carry out” a part of the sponsored program.</td>
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The Next Step:

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:

- 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?

- **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.)

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

- 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

- 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

- 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

- 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 Reps/Assurance
- Flow-Down Requirements
- Audit Requirements
SPO’s Responsibilities

- 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

- 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:

- 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:

- 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

- 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...

- 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

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

Contact Pam Miller
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For more Information
Questions?
Contact SPO!