

Subrecipient Monitoring Guidelines

Background

UCI is responsible for ensuring that sponsor funds, including those provided by UCI to other entities, are spent in accordance with all applicable laws and regulations. UCI is required to monitor its subrecipients as if it were the sponsor. This monitoring requirement places UCI in much the same position as if it were a federal agency dealing with its own primary recipient.

The Uniform Guidance, specifically §200.305, §200.331, §200.332, §200.333 and §200.339, sets forth the responsibilities and obligations of institutions such as UCI, for determining eligibility of subrecipients, issuance of subawards, monitoring subrecipients and applying remedies for noncompliance, when federal funds are transferred to subrecipients. As such, whenever UCI issues a subaward to a subrecipient, the University must first assess the subrecipient's eligibility to receive federal funds and follow up by monitoring the subrecipient to ensure its compliance with federal laws and regulations.

Although Principal Investigators have primary responsibility for monitoring the technical progress and claimed costs of subrecipients, it is understood that some responsibilities are frequently delegated by Principal Investigators to departmental staff or administrators. The following guidance is provided to assist Principal Investigators and those to whom they have delegated some of these responsibilities.

Definitions

Pass-Through Entity is defined as a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The pass-through entity assumes responsibility for negotiation, issuance, oversight, and management of a subaward. The pass-through entity assumes many of the responsibilities typically assigned to a prime sponsor in issuance and oversight of an award to a grantee or contractor, including verification of the financial viability, adequacy of compliance controls and audit status of its subrecipients as well as oversight and verification of the subrecipient's fulfillment of its portion of the programmatic effort. UCI serves as the pass-through entity for subawards issued under its sponsored projects.

Subrecipient means a non-federal entity that receives a subaward from a pass-through entity (e.g., UCI) to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. Characteristics which support the classification of the non-federal entity as a subrecipient include when the non-federal entity: (1) Determines who is eligible to receive what federal assistance; (2) Has its performance measured in relation to whether objectives of a federal program were met; (3) Has responsibility for programmatic decision making; (4) Is responsible for adherence to applicable federal program requirements specified in the federal award; and (5) In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Subaward is defined, for the purpose of this guidance, as the legal agreement between UCI and a subrecipient to carry out part of a federal assistance award received by UCI. It does not include a legal agreement to provide payments to a contractor for goods or services or payments to an individual that is a beneficiary of a federal program.

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Specific Responsibilities. The following are specific responsibilities for monitoring subrecipients:

1. Conduct and document case-by-case determinations as to whether each agreement for the disbursement of federal funds cast the receiving entity in the role of a subrecipient or a contractor. UCI requires that this determination is completed at the time of proposal. Please use the Subrecipient vs. Contractor Determination Form.
2. Monitor the activities of the subrecipient sufficiently to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Principal Investigator's monitoring of subrecipients, in this regard, must include:
 - a. Reviewing financial and programmatic reports on an on-going basis;
 - b. Following-up and ensuring that subrecipients take timely and appropriate action on all deficiencies pertaining to the subaward which are detected through on-site reviews, monitoring of progress and financial reports and other means;
 - c. Certification of all subrecipient's invoices, evidencing that performance goals were met and authorizing payment, prior to submission to Accounting for payment. Certification may be evidenced by including on each invoice language such as, "In signing below, I approve payment on this invoice and attest that charges appear reasonable and progress to date on this project is satisfactory and in keeping with the statement of work." *Note: Certification and authorization of payment may not be delegated.
3. Make timely payments for all proper invoices received from subrecipients.

Best Practices

To effectively carry out the Specific Responsibilities, Principle Investigators should require and ensure timely submission of periodic progress reports and invoices; review to assess whether subrecipient is making satisfactory progress; and work with SPA and Accounting staff, as necessary, early in the process to implement satisfactory resolutions in instances where unsatisfactory progress is detected or invoicing inconsistencies are detected. The following techniques may be helpful in achieving this best practice:

1. Assess whether the results delivered or achieved, as reflected in the progress reports, are in line with the performance goals included in the statement of work.
2. Assess whether the subrecipient is being timely and/or delivery schedules are being met by evaluating whether the work reported as completed is proportionate to the performance time remaining in the subaward or in the case of a fixed price subaward, determine whether the milestones are being met.

3. Assess whether the subrecipient's progress reports, when compared to their invoices reflect expenses commensurate with the progress of the project.
4. Assess whether the subrecipient's invoice is proper for payment and fully substantiate and reject improper invoices while ensuring timely payments of proper invoices. The following include, but are not limited to, examples of instances that could raise concerns or may signify an improper invoice:
 - a. A subrecipient consistently invoices UCI for one twelfth of the subaward budget each month; however, the progress reports do not support the level of expenses for which subrecipient is invoicing.
 - b. A subrecipient is performing work as evidenced by its progress reports, but has not submitted invoices or has not submitted invoice in accordance with the terms of the subaward (e.g. invoice lists only the total costs claimed without providing any categorical breakdown/detail).
 - c. Amount on a particular invoice (including previous payments) exceeds the total subaward amount.
 - d. Mandatory cost share commitments are not accounted for on the invoice.
 - e. Invoice includes costs which are not allowable, allocable or reasonable for the work under the subaward.
 - f. Costs included on the invoice differ materially from the subrecipient's approved budget and / or is not substantiated by a required prior approval.
 - g. Invoice dates (including those reflected for expenses) are not in line with the budget period and / or subaward performance period.
5. Approve and certify, in writing, all proper invoices received and forward to accounting to ensure timely payments, while retaining supporting documentation.
6. Substantiate, reject and return all improper invoices received in a timely manner, while retaining documentation which adequately substantiates the rejection.
7. Ensure final invoices are received timely, are clearly marked as such by the subrecipient (e.g. FINAL INVOICE), are approved and certified, when appropriate, and forwarded to accounting to ensure timely closeout of the prime award. In instances where a final invoice is received for a fixed price subaward, ensure all project deliverables have been received and all milestones tied to payments have been achieved before final invoice is approved and certified.
8. Notify SPA promptly when instances of non-compliance with the subaward terms and conditions are detected or when questionable situations requiring further inquiry arise. Some examples of these situations include, but are not limited to, uncertainty:
 - a. as to the subrecipient's performance,
 - b. if fraud or non-compliance of federal regulations exist; or
 - c. as to whether the subrecipient is fulfilling the legal obligations of the subaward.