

POLICY

Issued: January 1, 2009

Revised:

Contacts for questions about this policy, [click here](#)

When Georgia State University (GSU) receives an award from a sponsoring agency, it may become necessary to establish a subaward agreement with a subrecipient institution. GSU’s Principal Investigator (PI) and administrators will monitor the activities of subrecipients to ensure that they are complying with the programmatic and financial terms of the subaward agreement. Monitoring responsibilities include general compliance and subrecipient audit compliance.

This policy applies to all subrecipient institutions with whom Georgia State University executes a subaward agreement, including foreign and for-profit organizations. The Office of Sponsored Proposals & Awards (OSPA) is responsible for ensuring that all subrecipients of sponsored funds are in compliance with programmatic and financial terms of the subaward agreement and for ensuring that subrecipients with federal award expenditures in excess of \$500,000 per year comply with the OMB Federal Uniform Guidance.

DEFINITIONS

Term	Definition
Subaward	An agreement with a collaborating organization that outlines mutual expectations of both parties for a portion of the funds from a sponsored award. Subawards may be called subcontracts, subagreements, purchase orders, subgrants, etc.
Subrecipient	An entity receiving a portion of the funds from a sponsored award and having programmatic involvement in the project if: <ul style="list-style-type: none"> • has programmatic involvement in the project identified as a separate scope of work, with separate budget and organization approval; • has its performance measured against whether the objectives of the project are met; • has responsibility for programmatic decision-making; • has responsibility for adherence to applicable program compliance requirements; • uses the sponsored funds to carry out a program at their organization as compared to providing goods or services for a program at GSU; • has responsibility for assisting in completion of project deliverable and/or technical report; • has the right to publish project results or serve as a co-author (the rights and the obligations stated in the prime grant terms and conditions generally are flowed down to a subrecipient); and, • has the option to develop patentable technology.
Vendor	An entity receiving a portion of the funds from the grant if it: <ul style="list-style-type: none"> • provides the goods and services the project requires within their normal business operations; • provides similar goods or services to many different purchasers (this includes fabrication of new goods, consultants, editors, etc.);

- operates in a competitive environment (a for-profit organization or an entity/university providing a testing service);
- is not subject to terms and conditions/compliance of the sponsoring agency (however this is not always the case: some sponsors require that obligations and compliance requirements in the terms and conditions of the prime agreement be flowed down to any lower-tier recipient; the rights granted to GSU by the sponsor, however would not be flowed down, as procurement is considered work for hire and anything produced by the vendor is owned by GSU) ; and,
- is not involved in the programmatic work of the project, including project deliverable or technical report.

PROCEDURES

Revised: October 28, 2016

The Office of Sponsored Proposals & Awards (OSPA) monitors all subrecipients of sponsored funds for compliance with programmatic and financial terms of the subaward agreement.

Guidelines for Risk-Level Assessment

On an annual basis, OSPA will review all active subcontracts for which monitoring is mandated and assign a risk-level based on the following considerations:

- Size of the subrecipient award. Large awards (for example with annual budgets >\$500K) would receive substantial and frequent review and monitoring; mid-sized awards (annual budget \$100K - \$500K) would receive proportionately less substantial and less frequent monitoring; smaller awards (<\$100K) would receive general review with the least frequent oversight.
- Award size relative to the subrecipient's sponsored award portfolio.
- Percentage passed through: the larger the percentage of sponsored award subcontracted, the greater the need for subrecipient monitoring.
- Award complexity, sensitivity of the work and/or extensiveness of the governing regulations.
- Prior experience with the subrecipient, e.g. a new subrecipient, an inexperienced subrecipient, a history of non-compliance, having new personnel, or having new or substantially changed systems.
- Subrecipient location or for-profit status (remoteness from GSU may mandate more oversight); increased risk associated with some foreign and for-profit subrecipients dictates that they would merit a greater degree of review, evaluation and attention.
- Degree of external oversight by auditors or sponsoring agencies. Note that GSU is obligated to monitor subrecipients of its federal awards, regardless of the subrecipients being subject to A-133 audits.
- Sophistication of the subrecipient's systems and administrative operation.

Upon identification of subrecipients that mandate closer scrutiny, based on the above review criteria, OSPA, PI and department administrators will take appropriate monitoring actions to ensure compliance

with subagreement performance, financial terms and conditions, and with all applicable federal rules and regulations. Taking this approach focuses monitoring on subrecipients who are at greatest risk or potential for non-compliance.

In addition to routine monitoring procedures, OSPA will work with PIs and department administrators to establish channels of communication with subrecipients that require further scrutiny. Administrators at such subrecipient sites may be asked to complete questionnaires (to be filed at GSU) documenting their internal controls and grants management procedures. In addition, subrecipients that are not subject to A-133 (foreign entities or for-profit/commercial concerns) may be asked to submit supporting documentation in the form of original receipts, copies of payroll records, audits, etc. if circumstances warrant.

Subrecipients Not Subject to A-133 (including Foreign and For-Profit Entities)

Because A-133 does not apply to foreign or for-profit subrecipients, GSU may establish its own requirements, as necessary, to ensure compliance by such subrecipients and will use subrecipient monitoring techniques similar to those used for entities that are subject to A-133. Contracts with foreign or for-profit subrecipients should describe applicable compliance requirements and responsibilities. Methods to assess compliance with federal subawards made to foreign or for-profit subrecipients may include preaward audits, on-site visits or discretionary audits.

Subaward Modifications

It may be necessary during the course of a subaward to change one or several terms or conditions of award. Normally, the terms and conditions for a subaward remain fixed for the duration of the project period. Changes to the subaward such as continuation funding, no-cost extensions, or other administrative changes are initiated by the prime PI submitting a Subcontract Request form available in the [Research Portal](#).

It is the responsibility of the PI to let OSPA know if a project will continue and whether a new or continuing subaward should be issued. One month prior to termination of a subaward, the PI should notify OSPA whether or not it will be necessary to extend the current subaward. The PI should address the following issues for continuation of a subaward:

1. Has the subrecipient institution made progress on its scope of work?
2. Is there any change in scope of work or key personnel at the subrecipient institution?
3. Are billings current and, if not, is it related to a slow-down or other problems in the work? (OSPA can contact the subrecipient to request overdue billings.)
4. Should the subaward be funded at the original proposed level for the following budget period, and does OSPA have a copy of the approved budget?



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Changes in scope of work, institution, or subaward PI may need sponsoring agency approval before OSPA can amend a subaward. Therefore, agency guidelines should be consulted prior to modifying a subaward. Any request from the subrecipient to OSPA will be sent to the PI for approval.

Note that an increase in budget for an existing subaward must have a revised or continuation budget attached to the Subcontract Request Form or be on file with OSPA.

Subaward Close-Out

If the PI indicates that the subaward will not be extended, OSPA will proceed with the close-out obligations. OSPA must close-out subawards according to sponsor policies. It is the responsibility of OSPA to notify the subrecipient of close-out obligations. Examples of close-out documents that must be received from the subrecipient include: 1) a final technical report; 2) a final invoice; 3) a final invention statement; and 4) a final inventory property report, if required by the prime grant.

OSPA, if required, will also send the following close-out documents to subrecipients funded under federal contracts prior to final payment: 1) Subcontractor's Release; and 2) Subcontractor's Assignment of Refunds, Rebated, Credits and Other Amounts.

RESPONSIBILITIES

Position or Office	Responsibilities
<p>Principal Investigator (PI) and/or Unit Administrator</p>	<p>Responsibilities include the following actions/steps:</p> <ol style="list-style-type: none"> 1. Monitors periodic progress reports submitted by the subrecipient on a timely basis. Non-compliance with technical reporting requirements or dissatisfaction with level of subrecipient progress should be reported immediately to the OSPA. Any unusual or unforeseen items should be investigated and documentation thereof should be retained in the department's files for ready access by regulators. In some cases, subaward terms may require specified deliverables in addition to, or in lieu of, technical reports. 2. Reviews invoices from the subrecipients monthly for compliance with the terms of the contract. Invoices should be checked to ensure that they are reflective of progress. The PI should initial and date the original invoice, indicating review and approval for payment. Once approved by the PI, department administrators will initiate the request for payment of the invoice utilizing the established process. Evidence of the regular review of invoices by both the PI and the department administrator should be in place and retained on file. "Evidence" can be in the form of PI initials or authorizing signature on invoices, e-mail communications, notes of meetings with the department administrator, etc. NOTE: PI should not process final invoice until all required reports have been received from the subrecipient. 3. Compares subrecipient invoices to established subaward budgets. Request clarification of invoiced charges for any unusual, miscellaneous, apparently excessive or other charges invoiced by the subrecipient. If the explanations are not sufficient to render a prudent judgment on the allowability of the cost, and the terms of the subcontract permit, department administrator may request detailed justifications from subrecipients. Department administrator may also periodically request, if the terms of the subcontract permit, particularly from high-risk subrecipients, detailed support for selected invoiced

- charges to verify their appropriateness and reasonableness. Examples of detailed justifications that may be requested from subrecipients include:
- a. Payroll records/data.
 - b. Copies of paid invoices showing the cost of items purchased and Vendor Justification Forms if required by Federal contract.
 - c. Descriptions of services rendered by consultants including hourly rates and time reports.
 - d. Details of incurred travel charges, stating the purpose, airfare, meals, ground transportation, unallowable costs, etc.
 - e. Costs determined to be unallowable or unreasonable should be disallowed
 - f. In circumstances where questionable costs remain unresolved, particularly when subcontract terms do not permit requesting supporting documentation, it may become necessary to conduct a definitive audit of all or a portion of questionable costs. In these cases, department administrators may contact Research Financial Services for coordination of subsequent actions with the appropriate subrecipient administrative office.
 - g. Conducts on-site visits to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file.
 - h. Contacts OSPA and Auditing and Advisory Services for assistance if a discretionary audit is warranted.
 - i. Notifies OSPA by email or letter that the terms of the subaward have been met and final payment processed.

Office of Sponsored Proposals and Awards (OSPA)

- Subaward agreement development and responsibilities include the following actions/steps:
1. With input from the Principal Investigator and/or department administrator, the assigned OSPA staff drafts the subaward agreement document.
 2. Assures that GSU will enter into an agreement with a qualified and eligible entity (check the government's exclusion list at: www.epls.gov). For organizations other than another university, college or university-affiliated hospital, such as small businesses, non-profits, or clinics, OSPA will determine the capabilities and adequacy of the subrecipient's financial and management systems as prescribed by the Federal Uniform Guidance.
 3. Ensures appropriate terms and conditions of the prime agreement are flowed down to any lower-tier recipient in subcontract agreement.
 4. Negotiates terms and conditions of subcontract agreement with subrecipients.
 5. Prepares subcontract modifications, as appropriate.

- Post-award responsibilities include the following actions/steps:
1. OSPA staff ensures that a current A-133 certification or audit report is received from subrecipient annually and reviews for instances of noncompliance or reported findings to determine whether adjustments are needed to GSU records. In instances of noncompliance, OSPA will obtain assurance from the subrecipient that corrective action efforts have taken place, review the corrective action plan to ensure subrecipient compliance, and may make a determination for adjustment of their own records or on-site monitoring.

Certifications and reports will be retained by OSPA for a period of three (3) years after termination of the subaward. Lack of response by a subrecipient to audit findings is a condition for default of the agreement and GSU could suspend or terminate the

- subaward. Alternatively, OSPA staff may view the subrecipient's A-133 report in the Federal Audit Clearinghouse (FAC) database (<http://harvester.census.gov/sac>). This web site provides evidence to verify that the subrecipient has completed an A-133 Audit and to assess the presence of audit findings. This FAC verification would be done in lieu of reviewing A-133 reports submitted by the subrecipient to GSU. In cases of continued inability or unwillingness of a subrecipient to have the required audits, GSU may consider taking appropriate sanctions.
2. OSPA conducts monthly sample reviews of invoices for allowability and compliance with the following fiscal requirements:
 - a. The requested payment falls within the subaward dates.
 - b. The current invoice amount is added to cumulative amount invoiced, and matched against the total amount authorized in the subaward.
 - c. If either the dates or amounts are inconsistent with the subaward, refers the invoice and file to the assigned OSPA staff to determine the need for changes to the invoice or subaward (i.e. extensions).
 - d. Calculations for the fringe benefit and F&A charges on the invoice, if any, are verified for accuracy in terms of the subaward approved budget and F&A cost rate agreement.
 - e. Any unusual or unallowable charges on the invoice are referred to the assigned OSPA staff and to the subrecipient institution for clarification, if necessary.
 - f. Invoicing that is significantly behind in timing or in amounts, based on the subaward terms, must be referred to the assigned OSPA staff and the PI for consultation on acceptable performance by the subrecipient institution.
 - g. The invoice payment is checked against the proper account code in Spectrum, to ensure the GSU F&A or indirect cost rate is applied correctly. Of special concern are expenses on Account Code 753910. This code is subject to F&A.
 3. OSPA conducts subaward closeouts.

CONTACTS

Subject	Office	Telephone	Email
Policy interpretation, drafting and managing of subaward contracts for sponsored projects	Office of Sponsored Proposals and Awards (OSPA)		http://ursa.research.gsu.edu/manage-award/subcontracts/