

Subrecipient Monitoring at UCSF

Introduction

The purpose of this document is to:

1. Assist University faculty and staff in the preparation and administration of subrecipient agreements issued under sponsored projects,
2. Assure compliance with the requirements of the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" by outlining required procedures for proper monitoring of all subagreements issued by UCSF, and
3. Define proper roles and responsibilities for monitoring of subrecipients.

What is a Subrecipient Agreement?

A subrecipient is the recipient of a subagreement awarded to a foreign or domestic institution (either non-profit, educational institution, or private industry) for the performance of a portion of the work statement covered by a prime agreement that is funded either directly or indirectly with sponsored funds. It does not include agreements for consulting services or purchase orders for equipment, materials or other services.

An organization is considered to be a subrecipient of a federal award when it:

- Determines who is eligible to receive federal financial assistance and the type of assistance to be received;
- Has its performance measured to determine whether the objectives of the federal program are met;
- Has responsibility for programmatic decision-making including possible authorship of manuscripts;
- Has responsibility for adherence to applicable federal program compliance requirements; and
- Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

A vendor relationship means a dealer, distributor, merchants, or other seller providing goods or services that are required for the conduct of a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program.

An organization is considered to be a vendor when it:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;

- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the federal program; and
- Is not subject to compliance requirements of the federal program.

How to have a subagreement issued at UCSF

To request issuance of an outgoing subagreement at UCSF, complete a [Subaward Request Form](#).

Roles and Responsibilities

Principal Investigator Roles and Responsibilities

Note on Definition of PI: When an award received and managed at UCSF includes multiple projects, the PI responsible for approving outgoing subcontract requests and authorizing invoices is defined as the individual whose name is listed as the Principal Investigator on the prime award made to UCSF.

1. Timely submission of all required material to OSR needed for subrecipient agreement issuance.
2. Oversight of the subrecipient's budget for allowability and reasonableness.
3. Provide appropriate assurance that CHR/ IACUC material has been collected and approved as per University/outside agency requirements.
4. Assure that reports and other material requested from subrecipients has been collected prior to payment of invoices. Monitor the subrecipient's progress and determine that payments are in line with the progress and the terms of the contract. Review the subrecipient's invoice, and if acceptable, sign and date and forward it to the appropriate business office for payment.
5. The PI may delegate approval authority for signing and approving subrecipient invoices for payment. This delegation does not relieve the PI from responsibility for monitoring the subrecipient's progress nor determining that payments are in line with the progress and terms of the contract. A Form 242 (Signature Authorization or Cancellation) must be on file in Accounts Payable for each individual to whom approval authority has been delegated. The type of authorization being delegated must be noted on the form.

Department Roles and Responsibilities

1. Assist Principal Investigator in the collection and preparation of all material required by OSR for issuance of subrecipient agreements. Subrecipient agreement requests should be sent to OSR in a timely manner after the receipt of the prime award so that the scientific progress of the prime award is not delayed.

2. Review invoices received from the subrecipient for allocability, allowability and reasonableness of costs and that charges are within the period of performance of the prime award. Subrecipient invoices should include enough detail to determine how awarded funds are being used. In addition, if the subrecipient is contributing to any mandatory cost sharing commitments, the department should review the invoice for indications the subrecipient is meeting the commitments and has certified that all expenses are appropriate. Department reviewers should coordinate closely with the PI of the prime project in order to determine that costs are appropriate for the subagreement.
3. Monitor subrecipient to assure that invoices and progress reports are submitted in a timely manner.
4. Question costs which differ materially from the approved budget or which appear unusual or unallowable, and withhold payment until a satisfactory explanation is received.
5. Assures that final invoices are identified as such, and assist PI as needed in completing project closeout requirements required by federal award terms.

Office of Sponsored Research Roles and Responsibilities

1. Issue and approve subagreements to outside institutions based upon receipt of a formal subrecipient agreement request from the UCSF departments/Principal Investigators.
2. Advise subrecipients of requirements imposed on them by federal laws, regulations, and the provisions of contracts and grant agreements as well as any supplemental requirements imposed by UCSF by issuance of a formal subrecipient agreement referencing appropriate flow-through terms and conditions. OSR shall also attach all appropriate CFDA information to the subagreement.
3. All federal flow-through subcontracts shall include appropriate debarment language requiring the subrecipient to assure that the PI, principals on the project, and institution are not debarred from receiving federal funds.
4. Monitor subrecipients by performing an annual review of the federal audit clearinghouse for those institutions receiving \$500,000 or more per year in federal funds, and setting up proper monitoring procedures for those institutions determined to be non-low risk institutions.
5. Collect proper audit or questionnaire material from foreign subrecipients or from domestic institutions receiving less than \$500,000/year in federal funds, and review material received for risk management assessment and setup of proper monitoring of funds.
6. Review CHR/IACUC material provided by the department/PI for the subrecipient and review that all assurances and approvals are up-to-date prior to issuance of a subcontract, or adding restrictive language for CAR/CHR use as needed.
7. Require each subrecipient to permit UCSF and its auditors to have access to the records and financial statements as necessary to ensure that the subrecipient is in compliance with OMB Circular A-133.

Controller's Office Roles and Responsibilities

1. Review and final approval of all subrecipient invoices after department review and approval of each invoice has been performed.
2. Accurate and timely payment of all invoices. The invoice should be reviewed to assure that the invoice number is correct, and the amount invoiced is within the approved total cost of the subrecipient agreement. No subcontract should be approved which is greater than the amount approved on the agreement itself.
3. If, through the PI/department review, any problems have been found in a subrecipient's performance that constitute non-compliance, such as improper costs billed to an award, the University's records shall be adjusted as needed so the sponsor is not impacted (e.g. final project FSR's should be adjusted if needed).
4. Coordination with PIs/Department to assure that proper financial close-out procedures have been followed. Close out procedures should include proper documentation of mandatory cost-sharing, collection of satisfactory progress and financial reports, and receipt of an invoice marked as "final." Depending upon federal requirements, collection of equipment close out reports or other material may be required.