
A8.900 Accounting for Research & Training
Office of Research Services

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A8.955 Sub-recipient Monitoring

1. Purpose

To ensure that Federal award information and compliance requirements are provided to sub-recipients, sub-recipient activities are monitored, sub-recipient audit findings are resolved, and the impact of any sub-recipient noncompliance issues are evaluated. Also, the University should perform procedures to provide reasonable assurance that the sub-recipient obtained required audits and takes appropriate corrective action on audit findings.

2. Objectives

Document official policies and procedures to establish:

- Communication of Federal award requirements to sub-recipients
- Responsibilities for monitoring sub-recipients
- Process and procedures for sub-recipient monitoring

3. Applicability

UH is responsible for the programmatic and financial monitoring of its federally sponsored award sub-recipients. A sub-recipient is a third-party entity that performs a portion of a project for which UH has primary responsibility for the work product and management of project funds. Federal awards expended as a recipient or a sub-recipient would be subject to these requirements. The payments received for goods or services provided as a vendor would not be considered Federal awards. The terms of the relationship between UH and each sub-recipient are documented in a sub-award or consortium agreement.

4. Definitions

a. Monitoring activities normally occur throughout the year and may take various forms, such as:

- Reporting - Reviewing financial and performance reports submitted by the sub-recipient
 - Site visits - Performing site visits at the sub-recipient's location to review financial and programmatic records and observe operations
 - Regular Contact - Regular contacts with sub-recipients and appropriate inquiries concerning program activities.
- b. Sub-award - financial assistance, or procurement, or contract made by a recipient to an eligible sub-recipient
- c. Sub-recipient - the legal entity to which a sub-award (an award of financial assistance, excluding procurement for goods or services) is made and which is accountable to the recipient for the use of the funds provided. The sub-recipient's performance is measured against meeting federal program objectives. They have a responsibility for programmatic decision-making.
- d. Vendor - provides goods and services within normal business operations, to many different purchasers. They normally operate in a competitive environment and have no programmatic decision-making authority.

5. Responsibilities

- a. Principal Investigators (PI) have primary responsibility for selecting qualified sub-recipients, developing and executing the sub-award, performing sub-recipient monitoring activities, reviewing invoices from sub-recipients and validating questionable expenditures to ensure that Federal awards are being used for their authorized purpose and that performance goals are achieved. PIs must maintain documentation of any monitoring efforts.
- b. Fiscal Officers (FO) are responsible for assisting the PI with developing and executing the sub-award, fulfilling their sub-recipient monitoring responsibilities, reviewing invoices from sub-recipients, validating questionable expenditures and maintaining any additional documentation. FOs are also responsible for communicating any deficiencies and instances of noncompliance to ORS.
- c. Office of Research Services (ORS) Compliance is responsible for oversight of the University's sub-recipient monitoring program and performing additional monitoring activities, as deemed necessary. Compliance is also responsible for obtaining and reviewing certifications, reports and correspondence related to the sub-recipient's audit requirements. Compliance must

evaluate the impact of sub-recipient's activities on the University's ability to comply with applicable Federal regulations. ORS is responsible for notifying the PI and FO when the prime award contains flow through provisions that must be included in award documents issued to sub-recipients.

- d. PI and / or FO is responsible for preparing the initial PO and ensuring that a sub-recipient's UH Form 37a *Sub-Recipient Audit Information Form* (Attachment A) (Attachment A) and/or UH Form 37b *Federal Sub-recipient Questionnaire* (Attachment B) has been obtained prior to processing a PO..

6. Procedures

a. Principal Investigator (PI)

- 1) Selects sub-recipients that have demonstrated the ability to achieve high standards of scientific and financial performance;
- 2) Reviews Technical Performance Reports from the sub-recipient for timeliness, accuracy, clarity, comprehensiveness, and responsiveness to project objectives;
- 3) Reviews and approves invoices received from sub-recipients to verify that expenses incurred are allowable, reasonable and consistent with the project budget and work performed;
- 4) Reviews and approves invoices received from sub-recipients to ensure that cost sharing is appropriately reflected, if applicable;
- 5) Communicates with the sub-recipient when improvement is necessary. This may require meetings and/or onsite visitations with the sub-recipient.
- 6) Brings questions and problems regarding sub-recipient performance and expenses incurred to the attention of the responsible Fiscal Officer (FO);
- 7) Does not approve invoices for payment if technical or financial reports are delinquent or invoices are insufficiently detailed and notifies ORS Compliance; and
- 8) Maintain written documentation (i.e. approved invoices, financial and progress reports, notes, meeting agendas, minutes, correspondence, travel documents) of monitoring efforts, and provide it to ORS upon request. PI advises subrecipients (through the sub-award agreement) of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by UH.

b. Fiscal Officer (FO)

- 1) FO identifies federal awards made by informing each sub-recipient of the applicable CFDA title and number, award name

and number, award year, if the award is R&D, and the name of the federal agency;

- a) When some of this information is unavailable, the University will provide the best information available to describe the federal award.
- 2) FO assists PI to advise sub-recipients (through the sub-award agreement) of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by UH;
- 3) Assists the PI in reviewing invoices received from sub-recipients to verify that expenses incurred are allowable, reasonable and consistent with the project budget.
- 4) Bring questionable expenditures or trends to the attention of the PI, follow-up with sub-recipient for clarification and
- 5) Notify ORS of any significant deficiencies or instances of noncompliance;
- 6) Maintain written documentation of monitoring efforts, and provide it to ORS upon request; and
- 7) Send initial UH Form(s) 37a and/or 37b for all sub-awards to ORS Compliance.

c. Office of Research Services (ORS)

- 1) ORS Compliance provides oversight review of sub-recipient monitoring activities performed by the PI/FO and may perform additional monitoring procedures, as deemed necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved;
- 2) Ensure that sub-recipients that are subject to A-133 audits have met such requirements;
- 3) Advise PI/FO to implement sanctions against sub-recipients who do not comply with all requirements;
- 4) Require each sub-recipient to permit the University and its auditors to have access to the records and financial statements as necessary to comply with its responsibilities under OMB A-133.

d. PI / FO

- 1) Obtain completed UH Form(s) 37a and/or 37b for all sub-awards; and
- 2) Send initial UH Form(s) 37a and/or 37b to ORS Compliance.

Attachments

- A: UH Form 37a, "Sub-recipient Audit Information"
B: UH Form 37b, "Federal Sub-recipient Questionnaire"