

Subrecipient Monitoring

SPA-11-019



About This Policy

Effective Date:

03-03-2014

Last Updated:

04-21-2015

Responsible University Office:

Office of Research Administration

Responsible University Administrator:

Associate Vice President for Research

Policy Contact:

Steve Martin

Associate Vice President for Research

stemarti@iu.edu

Related Information

[* Subrecipient Monitoring Post Award Procedure Guide](#)

[Scope](#)

[Policy Statement](#)

[Reason For Policy](#)

[Procedure](#)

[Definitions](#)

[Sanctions](#)

[History](#)

[Back to top](#) ↗

[Scope](#)

This policy applies to all federal and federal flow through Subawards issued under sponsored awards made to Indiana University. This is intended for use by principal investigators, department administrators, and the Office of Research Administration (ORA) to define their respective roles and responsibilities for Subrecipient monitoring. This policy applies to all federal and federal flow through sponsored projects. This policy does not apply to consultant agreements or the procurement of goods and services from vendors.

[Back to top](#) ↗

[Policy Statement](#)

It is the policy of Indiana University to administer subawards consistent with the requirements of Office of Management and Budget (OMB) federal regulation 2 CFR part 200 "Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards”, and in accordance with University policies, the applicable sponsor regulations, and the terms and conditions of the Prime Award. As the Prime Recipient, the University remains responsible for the management of funds and meeting performance goals when issuing Subawards.

[Back to top ↗](#)

Reason For Policy

As a recipient of federal sponsored awards, Indiana University must comply with the Office of Management and Budget federal regulation 2 CFR part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and any future applicable circulars. In addition, Indiana University must comply with the subrecipient monitoring requirements specifically contained in the following:

1. 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), which directs that each Prime Recipient is responsible for monitoring its Subrecipient’s use of federal funds;
2. 2 CFR part 200 (§__.331, §__.505) which dictates sanctions on entities which do not comply with Single Audit requirements, requires Prime Recipients to provide CFDA numbers and titles to Subrecipients, and requires Prime Recipients to advise Subrecipients of the award requirements and monitor the activities of the Subrecipient;
3. 2 CFR part 200 (§__.331), which requires that Prime Recipients monitor Subawards for auditing requirements.
4. program legislation;
5. 2 CFR parts 25 and 170, which requires Subrecipient to obtain a DUNS and SAM registration, and requires Prime Recipient to complete FFATA reporting for Subawards;
6. and 48 CFR parts 4, 42, and 52, which set forth the FAR contracting requirements;
7. Federal awarding agency regulations;
8. The terms and conditions of the award.

As a condition of award acceptance, the University is obligated to monitor the work of any Subrecipients, including ongoing verification of the following:

1. That the Subrecipient’s Scope of Work is completed in a timely and satisfactory manner;
2. That sufficient progress is accomplished in the Subrecipient’s Scope of Work in relation to the invoices submitted;
3. That costs included in the Subrecipient’s invoices are reasonable, allowable, allocable, and properly documented;
4. That Subrecipient invoices are submitted in a timely manner and that invoices are accurate.

In addition, the University must ensure that Subrecipients meet the audit requirements in CFR part 200 and use funds in accordance with applicable laws, regulations and terms of the award.

[Back to top ↗](#)

Procedure

Department and Principal Investigator Responsibilities:

1. The PI must review technical performance reports or other specified deliverables in a timely manner. Any issues must be documented, investigated, resolved, and the documentation retained in the Department’s files.
2. The PI and Fiscal Officer are responsible for formally requesting amendments to Subawards by routing requests to ORA for any unanticipated work or administrative actions beyond non-competing continuations.
3. The PI and/or Fiscal Officer must ensure that the final technical report and final invoice from the Subaward is received within the timeframe specified in the Subaward.
4. The PI must verify for each invoice that the work is completed in a satisfactory manner and there is adequate progress compared to costs incurred.

5. The Fiscal Officer must review each Subrecipient invoice for the following and retain documentation of this review in the Department's files:
 - a. Costs are reasonable, accurate, allowable, allocable, and properly documented.
 - b. Costs on a cost-reimbursable project have been charged based upon actual expenses, rather than an allocation of the budget. (For example, billing exactly 1/12 of the budget per month is usually not allowable.)
 - c. F&A costs have been calculated correctly.
 - d. Cost-sharing requirements are being met and reported regularly throughout the life of the Subaward.
 - e. Cost-reimbursable invoices identify total budget, current period, cumulative expenses to budget, and balance remaining.
 - f. Fixed price invoices identify deliverables/tasks which are being billed, award amount for each deliverables/tasks, and time line/due dates (if any) for the deliverables/tasks.
6. Fiscal Officers must request the Subrecipient to provide clarification of charges that appear unreasonable, unallocable, unallowable, or unclear. In addition, Fiscal Officers may request detailed support for selected invoiced charges from the subrecipient. Examples of detailed justifications or documentation that may be requested are: payroll records, copies of paid invoices, description of services rendered by consultant that are paid by Subrecipient, and details of incurred travel charges. For any costs determined to be unallowable, Fiscal Officers must notify the subrecipient of the disallowance and request a revised invoice with the disallowed expenses removed. Fiscal Officers must also notify ORA staff of the disallowance.
7. If the Fiscal Officer or PI become aware of any issues of noncompliance with respect to the subaward terms or if they become aware of an audit of the subrecipient, they will immediately notify ORA staff of the noncompliance and/or audit to take appropriate action.
8. High-risk Subrecipients may be contractually obligated to provide detailed documentation of charges. The PI and Fiscal Officer must review all required additional documentation prior to invoice approval. All high-risk subrecipients will require additional monitoring from the PI and Fiscal Officer.
9. Discretionary Audits of Subrecipients is an acceptable monitoring procedure under federal regulations; however, Departments should contact the ORA office before initiating discretionary audits. Formal audits of a subrecipient are typically initiated outside of the university.
10. In the event that the Sponsor requires an audit of a Subaward provided by Indiana University, the department is responsible for the cost of this audit. If allowable or required by the Sponsor, the cost of the Subrecipient audit can be included in the budget.

Office of Research Administration Responsibilities:

1. Prior to issuing a federal or federal pass-through Subaward, the Office of Research Administration will be responsible for the following:
 - a. ORA shall complete Indiana University's Subrecipient Risk Assessment to determine any measures necessary to appropriately monitor the subrecipient. These may include additional monitoring procedures, additional contract language or inclusion of special terms and conditions.
 - b. ORA shall review Subrecipient's Single Audit reports to verify that the Subrecipient has completed a Single Audit, if applicable, and to assess any audit findings.
 - c. ORA shall confirm the subrecipient is not debarred/excluded from receiving the Subaward.
 - d. ORA shall confirm that Subrecipient has a DUNS number.
2. ORA will include in the Subaward the necessary terms and conditions from the Prime Award, and will also include the CFDA Number and title for any federal or federal pass-through Subaward. Other identifying information will be included when the CFDA information is unavailable.
3. ORA will inform the Principal Investigator and Fiscal Officer of the additional terms and conditions included in the Subaward or other appropriate actions for high-risk subrecipients.
4. ORA will provide the PI and Fiscal Officer a copy of the agreement before it is sent to the Subrecipient for review and approval.

5. ORA will provide the PI and Fiscal Officer a copy of the fully executed Subaward.
6. ORA will maintain documentation regarding ongoing risk analysis of Subrecipients.
7. In the event there are audit findings which relate to the funding provided by Indiana University under any Subawards, ORA will require compliance by the Subrecipient with a Corrective Action Plan as required by 2 CFR part 200, section 511. In addition, Subrecipient would be required to repay any disallowed costs.

[Back to top ^](#)

Definitions

Corrective Action Plan: At the completion of an audit, an auditee prepares this document, separate from the auditor's findings, that provides the following: the name of the contact person responsible for the corrective action, the corrective action planned for each audit finding included in the current year auditor's reports, and the anticipated completion date.

CFDA Number: The Catalog of Federal Domestic Assistance number, which identifies the funding program for federal assistance awards.

DUNS Number: The Data Universal Numbering System (DUNS) number which is a unique nine-digit identification number provided by the company Dun & Bradstreet.

FAR: The Federal Acquisition Regulation clauses that are applicable to federal contracts.

FFATA Reporting: The Federal Funding Accountability and Transparency Act which requires Prime Recipients to report Subawards.

2 CFR Part 200: An OMB publication in the Code of Federal Regulations entitled "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

Prime Award: The award mechanism for the direct recipient of sponsored project funds.

Pass Through Entity (Prime Recipient): The direct recipient of sponsored project funds.

SAM: The System for Award Management, in which an entity must be registered if it wishes to do business with the federal government under contracts, grants, cooperative agreements or other forms of federal financial assistance.

Scope of Work: A document that captures and defines work activities, deliverables and timelines for work to be completed under a sponsored project.

Sponsor: The funding agency for sponsored project funds.

Subrecipient: The recipient of sponsored project funds from a Pass Through Entity.

Subaward:

- performance is measured against the objectives of the federal program
- has responsibility for programmatic decision making
- is responsible for adherence to applicable Federal compliance requirements
- does not provide goods or services for the program
- is usually another higher education institution, hospital, or other non-profit organization

Contractor (Vendor):

- provides 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 ancillary to the Federal program
- is not subject to the compliance requirements of the Federal program
- is usually a company or may be an individual

[Back to top ^](#)

Sanctions

In the event there are audit findings which relate to the funding provided by Indiana University under any Subawards, the department would be responsible for repaying any disallowed cost that cannot be recovered by the Subrecipient.

Violations of university policies, including the failure to avoid a prohibited activity or obtain required approvals, will be dealt with in accordance with applicable university policies and procedures. Depending on the individual and circumstances, such sanctions could involve the offices of Human Resources, Vice Provost or Vice Chancellor of Faculties (or campus equivalent), Dean of Students (or campus equivalent), Office of the General Counsel, and/or appropriate law enforcement agencies.

[Back to top ↗](#)

History

IU policy on subrecipients was first created in 2004 and published as Important Notice 04-1. Important Notice 04-1 was updated and republished as IU Policy SPA-11-019 in 2014.