



The University of Texas Health Science Center at San Antonio

Subrecipient Monitoring

Introduction

The purpose of this document is to:

1. Assist UTHSCSA 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 UTHSCSA, and
3. To define the proper roles and responsibilities for monitoring subrecipients.

What is a Subrecipient Agreement?

A subrecipient is the recipient of a subagreement awarded to a foreign or domestic organization (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:

- 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.

Procedures for requesting that a subagreement be issued from UTHSCSA

To request issuance of an outgoing subagreement at UTHSCSA, contact the Office of Sponsored Programs (OSP). In order to issue the agreement, OSP will need, **in editable electronic format where appropriate**, subrecipient workscope, administrative contacts, any other deliverables required, budget, and any F&A rate agreements applicable to the subagreement.

ROLES AND RESPONSIBILITIES

Principal Investigator/Project Director (PI/PD) Roles and Responsibilities

1. Timely submission of all required material to OSP needed for subrecipient agreement issuance.
2. Oversight of the subrecipient's budget for allowability and reasonableness.
3. Provide appropriate assurance that any IACUC/IRB material has been collected and approved as per UTHSCSA/outside agency requirements.
4. Assure that reports and other material requested from subrecipients have 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 subagreement. Review the subrecipient's invoice, and if acceptable, sign and date and forward it to the Office of Accounting for payment.
5. 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, inform OSP so that the University's records shall be adjusted as needed so the sponsor is not impacted (e.g. final project FSRs should be adjusted if needed).

Department/Administrative Unit Roles and Responsibilities

1. Assist PI/PD in the collection and preparation of all material required by OSP for issuance of subrecipient agreements. Subrecipient agreement requests should be sent to OSP in a timely manner after the receipt of the prime award so that the scientific or other 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 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/administrative unit reviewers should coordinate closely with the PI/PD 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/PD as needed in completing project closeout requirements required by federal award terms.

Office of Sponsored Programs Roles and Responsibilities

1. Issue and approve subagreements to outside institutions based upon receipt of a formal subrecipient agreement request from the UTHSCSA PI/PDs or their departments/administrative units. Obtain federal sponsor approval, if required.
2. Advise subrecipients of requirements imposed on them by federal laws, regulations, and the provisions of contracts and grant agreements (i.e. debarment clauses) as well as any supplemental requirements imposed by UTHSCSA by issuance of a formal subrecipient agreement referencing appropriate flow-through terms and conditions. OSP shall provide the award number, title of the award, and also include appropriate CFDA information to the subagreement.
3. All federal flow-through subagreements shall include appropriate debarment language requiring the subrecipient to assure that the PI, individuals working on the project, and institution are not debarred from receiving federal funds. For ARRA funded subagreements, include appropriate language requiring subrecipient to certify that their CCR registration is active and will continue to remain active throughout the life of the subaward. In addition, language will be included for ARRA subagreements that will require subrecipients to certify that they will adhere to all ARRA special conditions and provisions, one of which is to separately account and identify ARRA funding in their Schedule of Expenditures of Federal Awards.
4. Monitor subrecipients by either collecting A-133 audit certifications or 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. Require each subrecipient to permit UTHSCSA 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.

6. At time of initial issuance of subagreement, send monitoring email to PI/PD and department/administrative unit administrator that outlines subrecipient monitoring obligations. (See Attachment A)
7. Any problems that have been found in a subrecipient's performance, as reported by the PI/department review, that constitute non-compliance, such as improper costs billed to an award, OSP shall take the appropriate action to make any necessary adjustments. (e.g. final project FSRs should be adjusted if needed).

Office of Accounting Roles and Responsibilities

1. Receive invoices from subrecipients, prepare voucher for payment, and forward to appropriate department/administrator for review and approval of PI/PD.
2. Review and final approval of all subrecipient invoices after department review and approval of each invoice has been performed.
3. Accurate and timely payment of all invoices. The invoice should be reviewed to assure that the invoice number is correct, the amount invoiced is within the approved total cost of the subrecipient agreement, costs have been incurred within the subagreement period, and final invoices are submitted within sixty days of the termination of the subaward. No subagreement invoices shall be approved if the review notes discrepancies; these discrepancies and any other questions should be addressed with OSP.
4. When disbursing ARRA funds to subrecipients, will provide the federal award number, CFDA number, and amount of ARRA funds.

Attachment A

PI Monitoring Email

We have recently completed issuing the referenced subaward for work to be conducted under your award. It is attached for your files. As the prime grantee, both UTHSCSA and you, as principal investigator/project director, have certain obligations for oversight of the entire project. These obligations include appropriate monitoring of a subawardee's performance and costs.

As you are aware, the subawardee is required to submit periodic invoices to the HSC Accounting Department. In turn, the Accounting Department will prepare a Local/State voucher for payment and send that to you along with the subawardee's invoice for review, approval, and payment authorization.

Prior to your approval, you should review the invoice to determine that the amount being requested for payment is consistent with the accomplishments of the subawardee during the billing period. Normally, you would most likely be familiar with the subawardee's performance through telephone conversations, technical meetings, progress reports, or site visits. If you believe there are problems with the invoice, such as equipment purchased without any required prior approval or more labor charged than you believe was expended, you should not approve the invoice for payment. Rather, you should consult with your department/administrative unit and Sponsored Programs to resolve these issues.

Final invoices should only be approved for payment if you are satisfied that the subawardee has completed its performance under the award and that the costs incurred are appropriate for that performance.

Should it be necessary to terminate the award early, you should notify Sponsored Programs in writing. We will then coordinate the termination with you.

Thank you.