SUBRECEPIENTS
POST-AWARD PROCEDURES

For additional information email grantsc@ecu.edu or contact your OGC representative

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INTRODUCTION

- The Uniform Guidance (2 CFR 200) enhances the requirements for subrecipient monitoring in four major areas:
  - Proposal Stage
  - Award Stage
  - On-Going Monitoring and
  - Closeout Stage

- After the proposal review, and the initial risk assessment, and the Office of Sponsored Programs (OSP) has issued the subagreement, the following slides outline Principal Investigator (PI), Departmental and Institutional requirements for
  - On-Going Monitoring and
  - Closeout
OGC – RISK ASSESSMENT

- UG 200.331 requires an evaluation of each subrecipient’s risk of non-compliance with federal requirements.

- The initial risk assessment/form will be started by OSP as part of the subaward initiation process.

- As part of the initiation process, OSP will secure a subrecipient commitment form which includes representations and certifications outlining the sub’s status, business practices, and compliance with programmatic and financial reporting and audit requirements.

- OGC completes the risk assessment and reviews the commitment certification to determine if the sub is low, medium, or high risk. Based on the sub’s status:
  - Additional language/requirements may be added to the agreement terms/conditions.
  - The agreement may be financially desk-audited one or multiple times.
  - All cost-reimbursement subs will be financially desk-audited at least once in each budget year.
OGC – RISK ASSESSMENT

- High risk subs may be required to include backup documents for all invoices or may need additional reporting requirements.
- High risk subs may need more detailed business systems reviews and/or site audits.
- Fixed price subs will be reviewed on the basis of reporting requirements and other deliverables.

UG 200.332 allows for fixed price subs under federal awards only if:

- The total anticipated cost (entire project period) is less than $150,000 and
- The award-specific sponsor allows or has approved a fixed price agreement.
The Uniform Guidance requires on-going financial monitoring and programmatic assessment for each subaward, for the life of the agreement.

PIs, Departmental Administrators and OGC/OSP have shared responsibility to help ensure the subrecipient’s compliance with all requirements of the subaward, the prime sponsor award, and the Uniform Guidance and other federal regulations.
ON-GOING MONITORING - OGC
Throughout the Life of the Award

- Will conduct desk audits of subrecipient invoices.

- Will complete an annual review of the sub’s A-133 audit status or other audit reports and
  - Will monitor any audit findings or compliance issues.
  - May include issuing management decisions or corrective action plans or requiring additional invoicing requirements.

- Will review sub’s invoices for compliance with award terms and conditions and allowable expenditure requirements.

- Will approve all subrecipient invoices prior to processing by AP.
  - Most payment requests will be via PORT.
Will periodically monitor sub’s technical progress and compliance with other reporting requirements.
- PIs will be contacted periodically to verify adequate performance.
- PIs will certify adequate performance with invoice approvals.

Will work with the PI/Departmental Administrator regarding any concerns on technical progress, expenditures or other sub issues.

Will work with OSP regarding any necessary modifications to the agreement terms.
ON-GOING MONITORING - PI
Throughout the Life of the Award

- The Principal Investigator is responsible for ensuring satisfactory technical/scientific progress and compliance with all programmatic goals and technical reporting requirements.

- The PI should monitor the subrecipient for timely submission of necessary data, reports, publications and other deliverables.

- The PI should verify all deliverables are being met before certifying an invoice or processing a payment.

- The PI must review and approve all sub invoices and include a certification statement and signature on/with each invoice for payment.

  “By my signature, I verify that the subcontractor is adequately performing under the terms of the agreement (data, reporting, etc.). I understand that I should contact/advise OGC if there are any performance or other issues related to this subagreement. The invoice should be paid. 
  ______________________(signature)”

- Invoices normally should be reviewed/processed within 30-days of receipt.
ON-GOING MONITORING - PI
Throughout the Life of the Award

- Invoices should not be paid if there are any programmatic, reporting or deliverables problems.

- PI should contact OGC immediately if there are any concerns related to sub performance requirements, invoicing, expenditures, or continuation of the relationship.
  - PI should not just “hold” invoices. Contact OGC immediately to discuss.
  - A specific OGC institutional notification process is required if there are problems and payment will be “held”.

- Informal notification of concerns between the PI and collaborators is not legally binding.
  - OGC/OSP must give formal notice of any issues or concerns or
  - Any anticipated changes in the agreement terms, conditions, period of performance, budget or payment schedule.
The Departmental Administrator (DA) serves as the liaison between the PI and OGC/OSP and the ECU business systems.

The DA should contact OGC if there are any issues related to the sub’s performance, reporting, expenditures or payment processing.

The DA should (in conjunction with the PI):
- Review the invoice for mathematical accuracy, conformance with subagreement requirements, and total cumulative expenditures.
- Monitor for missing invoices or missing payments.
- Report any errors/problems in invoicing to OGC for resolution with the sub entity.
- Ensure approval, signature, certification of the PI for all invoices.
- Accurately process the invoice through the PORT (or other payment system) ensuring that the correct payee, amount and FOAP are used.
- Verify that all deliverables have been met before processing the final invoice for payment.
All invoices should be reviewed for reasonableness and allowability based on the original budget, program goals and prime sponsor requirements.

Invoice tracking and subagreement projections should be maintained on a cumulative basis.

Contact OGC for any questions related to invoicing - prior to contacting the sub entity.

Clarification/justification might need to be requested for:
- Unusual expenditures or expenditures in categories not originally proposed. For example:
  - Equipment expenses when equipment was not originally anticipated,
  - Foreign travel when travel or field work was not originally anticipated.
- Burn/expenditure rates exceeding the performance reporting/deliverables.
- Any significant changes in line-item budgets.
- Revised budgets exceeding prior approval authority.
- Any costs requiring ECU or sponsor prior approval.
- Large expenditures in the last 90-days.
ACTIONS THAT CAN BE TAKEN

- All official correspondence must be through OGC or OSP. PIs and Departmental Administrators should not take any of these actions without institutional approval.

- Based on performance or financial issues related to the subagreement, ECU might:
  - Increase frequency of audit/desk review.
  - Require increased documentation with invoices.
  - Increase prior approval requirements.
  - Issue a management letter, requiring a corrective action plan by the sub-entity, in order to continue the agreement.
  - Hold payments pending resolution of issues.
  -Disallow costs or require payback of costs.
  - Early terminate the specific agreement.
  - For fixed rate awards, require cost-reimbursement processing for any future agreements/payments or vice versa.
  - Suspend/Debar the sub entity from future agreements with ECU.
  - Notify sponsoring agency of issues.
CLOSEOUT

• Final payment will not be made until PI/DA has verified that all deliverables have been met.

• Final payment will not be made until all outstanding desk audit documents are received/approved by OGC.

• Final payment will not be made until final resolution of any disallowed costs, management plans or audits.

• For the fiscal year in which the subagreement ends, OGC will monitor the annual A-133 audit, after the agreement end date, to ensure there were no findings that may have impacted sub activity that may still need to be addressed.
  – Based on audit filings, subs may need to reopened and reaudited.
For questions, please contact your OGC representative or email grantsc@ecu.edu.

The full text of the Uniform Guidance 2 CFR 200 is available at
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl