

# Subrecipient Monitoring Guide & Resources

*The University of Colorado Boulder is responsible for monitoring the programmatic, technical and financial activities of its subrecipients to ensure proper stewardship of sponsored funds*

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# Purpose of Subrecipient Monitoring Guide

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Sponsored research often involves collaborations with **subrecipients**—external entities who are asked to perform a portion of the project in line with the overall goals and terms of the award. University of Colorado Boulder is responsible for monitoring the programmatic, technical and financial activities of its subrecipients to ensure proper stewardship of sponsored funds. The following guide applies to all sub-agreements issued under sponsored programs awarded to the University of Colorado Boulder, without regard to the primary source of funding.

The Subrecipient Monitoring Guide will:

- Outline institutional responsibilities
- Assist Principal Investigators (PIs) and department administrators with the process of monitoring subrecipient compliance with applicable federal laws and regulations and the terms and conditions of each sub-agreement in addition to achieving performance goals.

## Reason for Subrecipient Monitoring

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OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) (“Uniform Guidance”), specifically [§200.331](#), requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level. Pass-through entities are then required to monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable federal statutes and regulations and terms of the subaward and to verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

[2 CFR 200.331](#) requires that pass-through entities monitor the activities of the subrecipient as necessary to ensure that the sub-agreement is used for authorized purposes. This is done by reviewing financial and performance reports required by the pass-through entity, following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award; and issuing a management decision for audit findings pertaining to the Federal award.

For non-federal awards, the sponsor may require the University of Colorado Boulder to provide evidence demonstrating a subrecipient's ability to properly meet the objectives of the sub-agreement and to account for the sponsor's funds.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and jeopardize current and future funding. It is the responsibility of CU Boulder, as the pass-through entity, to ensure the good stewardship of sponsored funding. **All funds assigned to subrecipient organizations should receive the same diligence as sponsored funds that remain at CU Boulder.**

# Lifecycle of a New Outgoing Sub-Agreement

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PI includes subcontract/subawardee on proposal budget to sponsor

Award is received from sponsor and is processed through OCG and CCO

\*\*Prime award must clearly approve the addition of the subrecipient\*\*

Subcontract Officer receives new outgoing subcontract/subaward action and begins processing

Process ends with a fully executed sub-agreement and purchase order

# Modification of Existing Sub-Agreement

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## Scenario 1: Sponsor Request

*Modification is received from sponsor and is processed through OCG and CCO and includes modification to sub-agreement*

## Scenario 2: PI Request

PI determines a modification is necessary to the sub-agreement

PI fills out the **Subaward and Participant Support Reallocation Form** and submits to [ocg@colorado.edu](mailto:ocg@colorado.edu)

Subcontract Officer receives subcontract/subaward action and begins processing

Process ends with a fully executed sub-agreement modification and updated purchase order

[Subaward and Participant Support Reallocation Form](#)

# Definitions

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## ***Subrecipient***

Subrecipient is the legal entity that is eligible to receive a financial award to which a sub-agreement is made, and is accountable to CU Boulder for the use of the funds provided in carrying out a portion of CU Boulder's scope of work under a sponsored project. A subrecipient's performance is measured against whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services. [Uniform Guidance 2 CFR 200 Subpart A §200.93 Subrecipient](#); is a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program.

## ***Sub-Agreement***

A sub-agreement can be a subaward (Grant) or subcontract (Contract). They are issued by CU Boulder, referred to as the pass-through entity, to another organization who is responsible for assisting CU Boulder with the scope of work on a sponsored project. A sub-agreement is an enforceable agreement, issued under a prime sponsored project, between a pass-through entity and a subrecipient for the performance of a substantive portion of the program; these terms do NOT apply to the procurement of goods or services from a contractor (vendor). [Uniform Guidance 2 CFR 200 Subpart A §200.92 Subaward](#); an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal program.

## ***Subrecipient Monitoring***

Includes activities undertaken by CU Boulder to review the completion of the scope of work and the financial oversight of the funds that were awarded to the subrecipient.

- As the pass-through entity, CU must monitor the activities of subrecipients to ensure that the sub-agreement:
  - is used for authorized purposes
  - is in compliance with federal statutes and regulations
  - follows the terms and conditions of the sub-agreement
  - achieves performance goals

## ***Contractor (Vendor)***

Organization that provides goods and services within normal business operations. Contractors (vendors) provide similar goods and services to a variety of purchasers, operate in a competitive environment, and provide goods or services that are ancillary to the operation of the sponsored program. Please see [Vendor vs Sub Questionnaire](#) to help determine if you are dealing with a Subrecipient or Vendor.

## ***Designee***

An individual who the PI has delegated with subrecipient invoice approval responsibility and who has first-hand knowledge of the PI's sponsored award(s) and programmatic progress of the subrecipient. Designees must be used when there is a potential conflict of interest between the Principal Investigator and the subrecipient.

## ***Federal Audit Clearinghouse***

Division of the Office of Management and Budget (OMB) that collects information on Single Audit (formerly A-133) results.

## ***InfoEd***

CU Boulder's web-based grants management system that includes information about all sponsored awards and connects individuals involved in and responsible for sponsored research administration.

## ***Pass-through entity***

Non-federal entity that provides a federal award to a subrecipient to carry out a federal program; sometimes referred to as the “prime” or “lead” organization.

## ***Sponsored award***

Funding arrangement in which the University is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise.

## ***Uniform Guidance***

OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” ([2 CFR 200](#)).

## ***A-133 Audit***

Office of Management & Budget's annual audit of State, Local Government, and Non-Profit organizations that have received federal funding during that year. [See Pages 37-38 for A-133 Reporting process.](#)

## ***Authorized Organizational Representative (AOR)***

A staff member at the University of Colorado Boulder who has been vetted and approved to have the legal authority to sign for and speak on behalf of CU Boulder.

## ***Campus Controller's Office (CCO)***

Provides stewardship of the University's financial resources through accounting services, resource monitoring and control and financial reporting. [CCO Website](#)

## ***Sub Commitment Form (required from non-FDP members)***

Provides a checklist of documents and certifications required by sponsors. This [form](#) shall be signed by the authorized official at the institution of subrecipient.

## ***Letter of Commitment (required from FDP members)***

Provides a checklist of documents and certifications specific to each award required by sponsors. This [form](#) shall be signed by the authorized official at the institution of subrecipient. This letter takes the place of the Sub Commitment Form for those entities included in the [FDP Cohort Program](#).

## ***Sub Review Form***

In this [form](#), the Principal Investigator certifies that they have analyzed the subrecipient's proposal, including its statement of work (SOW) and budget, and used this information to review the responsibilities outlined in the prime award issued to the University. The PI must acknowledge and certify that the management of the prime award includes the responsibility of providing oversight of the subrecipients. The PI also identifies the subrecipient reporting requirements via this form.

## ***Sub Risk Analysis Form***

University of Colorado Boulder performs a [risk analysis](#) to evaluate the likelihood of whether a subrecipient will fail to comply with the requirements of the sub-agreement. This risk analysis is handled by OCG during

the sub-agreement issuance process and is monitored during the term of the sub-agreement by the PI, their assigned departmental administrators, the Office of Contracts and Grants (through A-133 audit certification/reviews), and the Campus Controller's Office (CCO). The criteria used in evaluating risk include the subrecipient's audit experience, the prior oversight and monitoring the subrecipient has received, the nature and complexity of the proposed research project, and the fiscal maturity of the subrecipient.

### **Sub Short Form**

The section in *InfoEd* where the Office of Contracts and Grants Subcontract Team enters data for sub actions.

### **System for Award Management (SAM)**

Official U.S. government supplier database used to register suppliers in order to do business with the U.S government. This database is used to search for entity exclusion records before grants are awarded (domestic subs). <https://www.sam.gov/SAM/>

### **Visual Compliance (VC)**

Similar to SAM (used to check for excluded foreign subs).

## **Personnel, Roles, & Responsibilities**

All Principal Investigators and research administrators at CU Boulder must abide by this program. Subrecipient monitoring responsibilities are shared by the Principal Investigator (PI), the Office of Contracts and Grants (OCG), and Department Research Administrators (DRA). **However, the primary responsible party is the Principal Investigator (PI).**

### **Office of Contracts and Grants**

- Assess the subs prior to execution of award:
  - Completes Risk Assessment
  - Completes Cost Price Analysis on subcontracts
  - Completes Budget Review on subawards
  - Runs [System for Award Management \(SAM\)](#)
    - SAM is run at initial award and any time the award is modified
  - Runs Visual Compliance on Foreign Subrecipients
    - VC is run at initial award and then again on a yearly basis as part of a bulk review of all subrecipients
- Write an agreement that covers all necessary risks and flows the terms and conditions of prime award
- Continues to assess risk throughout the life of the award
  - Run SAM with each modification
  - Get written PI and department approval for every change to award via the marked up SPO
  - Obtain and review subrecipient's audits annually
  - Reviews [Subrecipient Commitment Form](#) or [Letter of Intent](#)
  - Reviews and records [Sole Source Justification](#) (for subcontracts only)
  - Reviews [Sub Review Form](#)

- Ensures IRB or IACUC approvals are obtained when necessary
- Handles sub-agreement closeouts

## Principal Investigator

- Correctly identify [Vendor vs. Sub](#)
- Review past performance to assess the risk level of potential subrecipient organizations at the time of proposal
- Submit a request to OCG for a preliminary review of the subrecipient organization at the proposal stage, if necessary
  - If there are any concerns, it is important that it is addressed at proposal stage
- Confirm the statement of work and review any non-standard terms and conditions of the sub-agreement during the sub-agreement negotiation process
- Monitor programmatic progress and ability of the subrecipient to meet objectives of the sub-agreement
- Review and obtain written approval of subrecipient invoices by PI or designee
- Monitor each subrecipient throughout the period of performance and escalate concerns to OCG if necessary
- Review the sub-agreements reports
- Provide written confirmation of the review of each sub-agreement modification to OCG via a marked up SPO
- Provide consistent and thorough monitoring and review of subrecipient’s technical performance
- Verify technical performance to invoices
- Accept responsibility for all subrecipients
  - Complete the [Sub Review Form](#) noting any potential issues and certifying responsibility for the subrecipient

## Department

- Monitor all activity and support PI
- Review Invoices prior to sending to PI for approval and approving in Marketplace
- Utilize the [Invoice Monitoring/Approval Checklist](#)

## Initial Risk Assessment

Before a sub-agreement is issued for the first time, the OCG Sub Officer must perform an initial risk assessment. The purpose of this risk assessment is to identify the potential risks associated with this particular award and address those risks by including mitigating terms and conditions in the sub-agreement. This process differs based on the potential subrecipient’s organization type (non-profit, for-profit business, academic institution). The risk assessment is performed by collecting and reviewing information about the organization and assigning an appropriate risk level:

Low	Medium	High
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The initial risk assessment steps are outlined below for each organization type:

## Academic Institutions Subject to A-133

### Participating in FDP Expanded Clearinghouse Program

- Check [Sam.gov](https://sam.gov) registration for debarment/suspension/delinquent debt information
- Have PI complete [Sub Review Form](#)
- Review [FDP entity profile](#) and A-133 report
- Complete [Risk Assessment Questionnaire](#) - notate any red flags and upload to *InfoEd*, incorporating needed information from PI
- If risk assessment yields an acceptable level of risk, issue sub-agreement with proper terms. If risk is deemed too high by the OCG Sub Officer, schedule a meeting with the PI and OCG Director to discuss review and next steps.

### Institutions not participating in the FDP Expanded Clearinghouse

- Check [Sam.gov](https://sam.gov) registration for debarment/suspension/delinquent debt information
- Have PI complete [Sub Review Form](#)
- Check to see if CU Boulder has a current A-133 certification letter on file; if not, obtain a signed letter and review referenced audit report for relevant findings
- Complete [Risk Assessment Questionnaire](#) - notate any red flags and upload to *InfoEd*, incorporating needed information from PI
- If risk assessment yields an acceptable level of risk, issue sub-agreement with proper terms. If risk is deemed too high by the OCG Sub Officer, schedule a meeting with the PI and OCG Director to discuss review and next steps.

## Non-Profit/Local Government Entities

- Check [Sam.gov](https://sam.gov) registration for debarment/suspension/delinquent debt information
- Have PI complete [Sub Review Form](#)
- Speak with/send email to PI and subrecipient administrative contact explaining the subrecipient monitoring process and why CU Boulder is required to perform it
- Have subrecipient complete [Non-A133 Mini Audit Questionnaire](#) (non-profit version) prior to sending subaward and collect financial documents, if available
- Complete [Risk Assessment](#) and assign appropriate level of risk based on review of *Sam.gov*, subrecipient questionnaire, financial documents, and PI input via *Sub Review Form* and conversations.
- If risk assessment yields an acceptable level of risk, issue sub-agreement with proper terms. If risk is deemed too high by the OCG Sub Officer, schedule a meeting with the PI and OCG Director to discuss review and next steps.
- *Note: Non-profits will almost always be classified as posing at least a medium level of risk because most non-profits are, by nature, limited in both staff and financial resources.*
- Financial records are generally less helpful for assessing risk of a non-profit than with a commercial entity, so basing payments on the completion of milestones and maintaining close PI/financial review is advisable in these situations.

## For-Profit Entities

- Check [Sam.gov](https://sam.gov) registration for debarment/suspension/delinquent debt information

- Speak with/send email to PI and Subrecipient contact explaining the subrecipient monitoring process and why CU Boulder is required to perform it
- Have subrecipient complete [Non-A133 Mini Audit Questionnaire](#) (for-profit version) prior to sending subcontract and collect financial documents (preferably most recent audited versions) for review
- Financial statements should be reviewed
- Have PI complete [Sub Review Form](#)
- Complete [Risk Assessment](#) and assign appropriate level of risk based on review of Sam.gov, subrecipient questionnaire, financial documents, and PI input.
- If risk assessment yields an acceptable level of risk, issue sub-agreement with proper terms. If risk is deemed too high by the OCG Sub Officer, schedule a meeting with the PI and OCG Director to discuss review and next steps.

**Goal of Subrecipient Monitoring Process Risk Assessment** is to ensure the subrecipient is capable of meeting financial compliance requirements and performing as expected and in line with project goals by: (1) *identifying the potential risks involved with the issuance of the subaward and* (2) *appropriately addressing those risks in the terms and conditions of the subaward.*

### Approaches to Mitigate Risk

- Require incremental funding on smaller amounts and shorter budget periods
- Withhold funds until evidence of acceptable performance
- More detailed reporting
- Additional monitoring
- Require grantee to obtain technical or management assistance
- Establish additional prior approval

## Assessing the Risk

### Do Not Issue Subaward If:

- Subrecipient Entity or PI is presently debarred or suspended or delinquent debt is reflected in SAM.gov registration
- Subrecipient Entity or PI is presently debarred or suspended or delinquent debt is reflected on Visual Compliance report
- Subrecipient does not have a compliant conflict of interest policy in place, if required by sponsor/award
- Financial management and accounting systems are inadequate to account for award funds in accordance with federal requirements
- If any of these conditions are present, consult the OCG Subcontract Team, and/or OCG Director of Contracts.

### Some Factors to Consider:

- Is subrecipient foreign or domestic?
- Does subrecipient have Negotiated IDC Rate Agreement?

- Were most recent audit results satisfactory?
- How mature is the subrecipient organization?
- Does subrecipient have experience/policy for determining conflicts of interest?
- Is the subrecipient providing cost share?
- Does the UCB PI have previous experience with subrecipient PI?
- Does subrecipient have experience with similar federal awards or federal awards in general?
- How long is the period of performance?
- How much money is involved and what percentage in overall funding does the subrecipient's portion represent?

## Risk Assessment Matrix Tool

The [Risk Assessment Matrix Tool](#) is intended to help determine the level of risk that a subrecipient/sub-agreement poses. This tool should be used in conjunction with the information gleaned from the subrecipient documentation (LOI/budget/SOW), [Sam.gov](#), [mini-audit questionnaire](#), and financial statements to assign an appropriate risk level. Risk assessment is by nature subjective; each potential subaward should be considered on a case-by-case basis.

## Risk Levels

In general, there are [three levels of risk](#) that determine the type and extent of subrecipient monitoring required—low, medium, and high. While these are the major categories of risk, the subjective nature of risk assessment may warrant assigning a different level of risk (e.g. medium-low or medium-high). Each level requires a different risk mitigation strategy. The extent of ongoing monitoring required will vary as well.

## Risk Mitigation

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When potential risks are identified, steps must be taken to mitigate those risks in both the issuance and administration of the affected sub-agreement.

### Suggested means of reducing subaward/subcontract-related risk:

- For international subrecipients, always require that invoices and award document amounts are in US Dollars and that the conversion rate to be used is agreed upon in writing.
- Require that invoiced amounts are supported by acceptable documentation. Examples of acceptable documentation include receipts for purchases, vendor invoices, cancelled checks, time/attendance or payroll records, etc.
  - *Always reject invoices that do not include all necessary parts outlined in the Invoice Approval portion of this guide.*
- Issue a fixed-price sub-agreement (as opposed to cost-reimbursable) with an invoicing schedule based upon the completion of milestones/tasks. *Note: Milestone schedules should be provided and approved by both the CU Boulder PI and the subrecipient organization. Fixed-price agreements are subject to prime sponsor approval.*
- If subrecipient does not have an indirect cost allocation plan or negotiated indirect cost rate, require subrecipient to provide documentation (policy, etc.) supporting how they plan to charge overhead or enforce 10% de minimus.
  - *Alternate indirect cost rates that do not have a federally approved rate will require prime sponsor approval*
- Upon recommendation of the Office of Contracts and Grants, site visits can be scheduled to review records and observe operations, limited-scope audits of certain activities can be arranged, or third-party evaluations can be required.

- Utilize smaller and more frequent increments of funding and smaller periods of performance

### Best Practices for Reducing Risk in All Subawards:

- Review supporting documentation (proposal, subrecipient commitment form, etc.) to ensure that compliance requirements are being met, and require documentation from subrecipient as required
- Seek guidance from OCG for complex contract or compliance issues
- Suggest that the PI specify a frequency for subrecipient technical reports (monthly/quarterly/etc.)
- Obtain PI approval of all subrecipient invoices and keep written record
- Encourage and facilitate frequent communication between the PI, the project fiscal manager, and OCG’s Sub Officer to promote early detection of any potential issues
- Communicate CU Boulder’s requirements and expectations (invoice requirements) clearly to subrecipient upon execution of agreement
- Document all subrecipient monitoring efforts and concerns in project’s *InfoEd* record
- Review subrecipient audit certifications/information on an annual basis to ensure compliance
- Upon award closeout, ensure that all required deliverables and documentation are received and that the final invoice is marked as such
- Be sure to utilize the appropriate and most up-to-date template; FDP templates are found online at <http://thefdp.org/default/subaward-forms/>

## PI Toolkit

### Vendor vs. Sub Determination

It is the responsibility of the PI to determine if the collaborator will be a subrecipient or a vendor. OCG is here to support and guide the process of the decision; however, the determining factor with the most weight is the collaborator’s technical contribution.

**Subaward:** performance according to specific SOW and Federal Program objectives, etc.

**Vendor:** can perform same service or provide the same goods to any entity.

**Consultant:** individual or organization, not affiliated with the University, providing primarily professional services or technical advice under a written agreement

Criteria	Subaward	Vendor	Consultant
Is it considered a federal award?	Yes	No- It is a payment for goods & services	No-It is a payment for a service
Performance measured against objectives of Federal Program?	Yes	No	No
Responsible for programmatic decision making?	Yes	No	No
Must adhere to applicable Federal program compliance requirements?	Yes	No	No
Subject to audit under A-133?	Yes	No	No
Mechanism	Subagreement	Purchase Order	Consulting Contract

Still unsure? Use the [Sub vs. Vendor Determination Form](#) on our website

# Invoice Approval

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- One of the most important monitoring procedures, Invoice Review and Approval, is done at the department level. The PI, with help from the DRA, must review an invoice and either approve it for payment or reject it and have it returned to the subrecipient for correction.
- Every sub-agreement issued by CU Boulder reserves the right to reject an invoice. The right is also reserved on all subawards under [2 CFR 200.305](#).
- When the invoice is being reviewed, the burn rate should be checked along with the sub's performance in accordance with SOW.
- There is no required approval documentation format at CU; however, we have sample invoices available for subrecipients that do not have their own.
  - Utilize the [Invoice Monitoring/Approval Checklist](#)

## At a minimum approved invoices should include:

- Current and cumulative costs
- Subaward number
- Certification (as required in [2 CFR 200.415](#))
- Purchase order number
- No human or animal charges unless prior approval granted
- CU PI approval
- Final invoice must be marked as such

## Sample certification

*"I certify to the best of my knowledge and belief the at the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise."*

PI approval is a requirement, and the University will be required to show written approval if asked by an auditor. While it is not required, the [Docusign tool](#) for invoice approval is available to everyone at CU Boulder.