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## 1. Policy Statement

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The Office of Management and Budget (OMB) issued the Uniform Guidance effective for non-Federal entities in December 2014. The Revised Uniform Guidance was issued on August 13, 2020.. The Uniform Guidance mandates the monitoring of subrecipients by the prime recipient of federal funds for compliance with all applicable laws, agency requirements and award specific terms and conditions.

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## 2. Reason for Policy

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The University as the prime recipient of funds must monitor all subawards issued under sponsored programs as stipulated in the OMB Uniform Guidance after December 26, 2014.

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## 3. Who Should Read this Policy

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All members of the Rutgers University community who are responsible for sponsored program issuance of a subaward or administration of a University subaward.

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## 4. Definitions

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- | See the [Subaward Issuance and Modification Policy](#) for definitions relevant to subawards.

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## 5. Policy and Procedure

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### 5.1 General Considerations

This University Subrecipient Monitoring policy establishes requirements and procedures for monitoring organizations subcontracted to perform certain portions of University sponsored projects. The University has an obligation to provide financial oversight and to monitor its subawardees in order to ensure they are working to achieve programmatic goals and are in compliance with all applicable laws, regulations, and terms and conditions of the primary award. Appropriate levels of documented financial and programmatic review are determined based on the designated subaward risk level.

To comply with federal requirements, Research Financial Services (RFS) conducts an annual subrecipient audit review, identifying and classifying any potential risk associated with University subawards. This annual subaward risk classification is available for review by Research and Sponsored Programs (RSP) or Research Contract Services (RCS) for subawards emanating from an award from a for-profit prime sponsor, prior to the issuance of any new subcontracts to a current or previous university subrecipient or when issuing a subcontract modification on an existing subcontract.

### 5.2 Subaward Management

The Principal Investigator (PI) is responsible for monitoring the technical progress of the subrecipient to ensure the subrecipient is:

1. Advancing toward the completion of programmatic goals as outlined in the scope of work
2. Submitting accurate and timely invoices and technical reports as required
3. Ensuring that all subrecipient project compliance requirements, including IRB and IACUC approvals, Conflict of Interest disclosures and Export Control assurances are current within the subaward period of performance.

Regardless of risk determination, a subrecipient invoice should NEVER be approved for payment until all errors, discrepancies or questionable items have been adequately and fully resolved.

The table below outlines guidelines applicable to Low vs. High Risk subrecipients:

Low Risk Subrecipient Monitoring Guidelines	High Risk Subrecipient Monitoring Guidelines
<p>Check all subrecipient invoices to confirm they:</p> <ul style="list-style-type: none"> <li>  adhere to the required format as specified in the sub-award agreement which requires inclusion of the following:                             <ul style="list-style-type: none"> <li>o University Purchase Order Number</li> <li>o University Account/Fund/Index Number</li> <li>o Invoice line items per the approved subaward budget</li> <li>o Current and Cumulative Totals</li> <li>o A signed certification statement as to the accuracy and appropriateness of the charges from an authorized Subawardee Institutional Official</li> </ul> </li> <li>  are within the allowable subaward project period start and end dates</li> <li>  contain F&amp;A charges calculated in accordance with the agreed upon rate per the subaward agreement</li> <li>  contain billed amounts which appear reasonable based on technical progress towards project goals</li> <li>  do not contain any unallowable charges such as alcohol, meals, postage, office supplies or other unallowable items except where specifically authorized as per the subaward agreement</li> <li>  for Final Invoices, invoices are clearly marked FINAL and contain an additional certification statement from the Subrecipient PI</li> </ul>	<p>Monitoring High Risk subrecipients requires a greater level of oversight and communication by the University PI, University department(s), and Subrecipient PI throughout the full sub-award project period. It incorporates all processes and procedures within the Low risk categories and may also include:</p> <ul style="list-style-type: none"> <li>  Required copies of supporting/backup documentation for submitted subawardee invoice charges such as:                             <ul style="list-style-type: none"> <li>o Payroll records to support invoice personnel charges</li> <li>o Copies of receipts for specific travel charges</li> <li>o Copies of consultant agreements, including hourly rates and time charged</li> </ul> </li> <li>  More frequent submission of subrecipient invoices and technical reports</li> <li>  Requirement to align subrecipient invoice payments to technical progress</li> <li>  Mandated regularly scheduled conference calls with the Subrecipient PI and subrecipient institutional representative</li> <li>  Site visits, both technical and financial</li> </ul>

**5.3 Subaward Closeout**

**5.3.1 Normal Termination**

Normal termination of a subaward occurs when the end of the subaward period of performance is reached. It is advisable to begin the subaward closeout process ahead of the subaward termination date. A final invoice which is marked as “FINAL” and bearing a signed certifying statement from authorized subrecipient representative(s) must be received from the subrecipient institution and forwarded to RFS prior to subaward closeout.

The University typically incorporates a 45-day grace period from the end of the subaward period of performance for the receipt of the subrecipient’s Final Invoice. In the event that the University cannot obtain a subrecipient’s final invoice in a timely manner, the University reserves the right to treat the last invoice received from the subrecipient as the Final Invoice.

The University PI is responsible for ensuring all required final subrecipient technical reports and disclosures are obtained, reviewed and approved prior to releasing payment for the subrecipient's final invoice. Technical reports may include property reports, patent reports, small and disadvantaged business reports as well as release and assignment documents as stated in the subaward agreement.

Upon receipt and payment of the subrecipient's final invoice, it is the University department's responsibility to submit proper paperwork to close the subcontract purchase order.

### **5.3.2 Early Termination**

Early termination of a subaward occurs when the subaward is terminated prior to the project end date incorporated into the original executed subaward agreement. An agreement may need to be terminated early at the request of the sponsor, the University or by mutual agreement between the University and the subrecipient. Sponsor regulations and subaward specific terms and conditions detail the steps needed to process an early termination of a fully executed subaward agreement.

The University PI may consider factors such as subrecipient's failure to progress toward or meet project milestones, services or objectives within the specified subcontract period when deciding whether an early termination to the subaward agreement is warranted. Any University PI contemplating the early closeout of a subaward agreement should immediately notify both their RFS Grant Accountant and RSP Grant Specialist or RCS Contract Manager.

The University typically incorporates a clause into the subaward agreement outlining the University's right to terminate an agreement whether for default or for convenience within 30-days of official written notification to the subrecipient. RSP or RCS and RFS will work together with the PI and the University department to ensure that all required documents are properly executed upon early termination of a subaward agreement.

### **5.3.3 Stop Work Order**

A stop work order is a formal notification to the subrecipient to discontinue all work on a subcontract. This formal notification to cease all activities on an active subaward is issued in the rare instance when all other means of remediation have been unsuccessful.

### **5.3.4 Subaward Closeout Documents**

- | Deliverable items/services per the subaward agreement
- | Invention Report of patents, inventions or discoveries if applicable
- | Property Report if applicable
- | FINAL Invoice with signed certification statements from both an authorized Subrecipient Institutional Official AND the Subrecipient PI

## **6. Roles and Responsibilities**

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**Principal Investigator** is responsible for monitoring subrecipient payments and performance per sponsor regulations and University policy.

**Department Administrator** assists the PI in subrecipient monitoring per sponsor regulations and University policies.

**RSP and RCS** provide expert advice regarding the issuance and modification of subaward agreements in accordance with sponsor regulations and University policies.

**RFS** provides expert advice regarding the monitoring of subrecipients and ensures University-wide compliance of the subrecipient monitoring policy.

## **7. Related Documents**

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- | Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Revised Final Guidance (“Uniform Guidance”)
  - o [§ 200.331 Subrecipient and contractor determinations](#)
  - o [§ 200.332 Requirements for pass-through entities](#)
  - o [§ 200.333 Fixed amount subawards](#)
- | [Subaward Monitoring Checklist](#)
- | [Subaward Issuance and Modification Policy](#)

## **8. Contacts**

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- | Research & Sponsored Programs, (848) 932-0150, [subawards@research.rutgers.edu](mailto:subawards@research.rutgers.edu)
- | Grant and Contract Accounting, (848) 932-0165, [researchfinancialservices@research.rutgers.edu](mailto:researchfinancialservices@research.rutgers.edu)