

## **SUBRECIPIENT MONITORING GUIDE FOR PRINCIPAL INVESTIGATORS**

### **GENERAL INFORMATION**

The Office of Management and Budget (OMB) has recently combined many federal circulars into a single guidance document to be used by all federal agencies. This combined document is known as "Uniform Guidance" and went into effect December 26, 2014.

The Uniform Guidance is an attempt to bring uniformity to the funding regulations provided by federal agencies to their award recipients. The ultimate goal is to streamline the requirements for federal grants and cooperative agreements and reduce administrative burden and financial fraud, waste and abuse.

For federal or federal flow-through awards with subrecipient agreements, the Uniform Guidance has made significant changes which impact the administration of these agreements.

Iowa State University is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of federally sponsored funds. This includes monitoring the activities of the subrecipient to ensure the subrecipient agreement is used for authorized purposes in compliance with federal regulations.

As a Principal Investigator with an award that has a subrecipient agreement, we have developed this guide to help explain your responsibilities associated with the subrecipient monitoring process under the Uniform Guidance.

### **Principal Investigator Subrecipient Monitoring Requirements**

Uniform Guidance requires the monitoring of subrecipients to include:

- Monitoring the receipt of technical reports and the review of these reports to ensure that the subaward performance goals are achieved and documenting the receipt and review of these reports.
- Reviewing subrecipient invoices to make sure the expenses follow the subrecipient approved budget and are reasonable relative to the work performed, and also documenting the review and approval of these invoices for payment.
- Monitoring subrecipient progress by performing periodic evaluations in the form of on-site visits, and/or regular communication and documenting the visits or communications in your files.
- Requesting "audits" if necessary.
- Follow up on any deficiencies identified through audits or on-site reviews.

The above list is not exhaustive. In addition to the items outlined above, there may be other sponsor or program imposed requirements that mandate collecting and documenting other assurances (e.g. use of lab animals, human subjects, biohazards, etc.) during the course of a project.

### **Technical Reports**

You should:

- ◆ Know your required technical report submission dates and make sure your subrecipient also submits technical reports to you prior to those dates.
- ◆ Know that the Uniform Guidance requires review of subrecipient technical reports. Review subrecipient technical reports on a timely basis (within 30 days of receipt) for achievement of programmatic goals.
- ◆ Investigate unusual or unforeseen activities and, if appropriate, retain documentation of justifications and approvals.
- ◆ In some cases a subrecipient's terms may require specified deliverables in addition to, or in lieu of, technical reports.

### **Rebudgeting or Budget Deviations**

In general your subrecipient needs approval from ISU for items not in the original budget such as equipment, subrecipient agreements, and participant support costs.

#### **Invoices**

Review invoices for the following:

- ◆ Do costs incurred follow the subrecipient's approved budget?
- ◆ Are costs reasonable based on the amount of work performed and the activities reported in the technical report?

Then document your review and approval of your subrecipient's invoices in the VO system by:

- Directly approving the subrecipient's invoice routed to you in the VO system; or
- Emailing your departmental administrator indicating your approval to pay the subrecipient's invoice; or
- Signing a copy of the subrecipient's invoice and forwarding it to your departmental administrator

If you don't feel comfortable with the charges because charges are unusual, excessive, or appear unrelated to the project, you have the right to request clarification and details from the subrecipient for invoiced charges. Examples of detailed support may include:

- ◆ Copies of payroll records
- ◆ Copies of paid invoices and receipts
- ◆ Written justification for expenditures
- ◆ Sole source justification if required by Federal guidelines
- ◆ Descriptions of services rendered by consultants including hourly rates and time reports
- ◆ Detail of travel charges incurred stating the purpose and amounts charged for airfare, meals, lodging, ground transportation, etc.

**Costs determined to be unallowable or unreasonable should be disallowed. Contact your sponsored programs accountant if there's a problem.**

The Uniform Guidance suggests enforcement action can be taken, when warranted, against a non-compliant subrecipient. These actions include:

- ◆ Temporarily withholding cash payments pending correction of deficiency. Examples of deficiencies could include delinquent technical reports, excessive costs, etc.
- ◆ Disallowing all or part of the activity not in compliance
- ◆ Wholly or partly suspending or terminating the subrecipient agreement
- ◆ Taking other legal remedies

#### **On-Site Visits**

On-site visits may be a useful monitoring tool. On-site visits conducted by you, the PI, can be used to assess the progress of the subrecipient's objectives for the project as well as to evaluate the appropriateness of their charges. These visits should be documented with correspondence, meeting notes, trip reports, etc. and retained on file.

For questions regarding subrecipient monitoring please contact: Jeanne Vande Voort  
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