SUBRECIPIENT MONITORING GUIDE

Introduction

The following Roles and Responsibilities Chart serves as a reference for University of Arizona Principal Investigators and designated department personnel (Business/Finance Office) on managing the life of a Subaward.

Some of the following roles/responsibilities may be completed by the Principal Investigator and/or the Business/Finance Office, depending on individual departmental procedures.

On the Research Gateway website (http://rgw.arizona.edu/) some of the required forms noted throughout this guide can be found at the following locations:

- Under the heading “Resources”, click on “Forms & Templates”. Under “Jump to Section:” click on “Subawards/Subrecipients”.

- Under the heading “Administration”, click on “Subawards”. On the right side of the page under “Subaward Links”, click on “Forms & Templates”. Under “Jump to Section:” click on “Subawards/Subrecipients”.

PLEASE NOTE THAT THESE FORMS ARE FOR UNIVERSITY OF ARIZONA INTERNAL USE AND NOT TO BE FORWARDED TO THE SUBRECIPIENT.

Rev. 11/13/14
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## Roles and Responsibilities Chart

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<tr>
<th>Proposal Stage</th>
<th>Principal Investigator</th>
<th>Business/Finance Office</th>
<th>SPS</th>
<th>CRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select a Subrecipient: Sole Source v. Competitive Bid Form</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obtain a clear and detailed Scope of Work, including deliverables</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiate budget/complete Subaward Budget Negotiation Form</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Award Stage</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete Subaward Initiation Form, New</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter Requisition in UAccess Financials</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete compliance requirements for Subrecipient (this procedure is followed for Modification also)</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft new Subaward</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and approval of draft Subaward</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Subaward to Subrecipient for review and signature</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiate Subaward terms and conditions with Subrecipient</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process fully-executed Subaward</td>
<td></td>
<td>X</td>
<td></td>
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<table>
<thead>
<tr>
<th>Managing Award</th>
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<tbody>
<tr>
<td>Comply with responsibilities based on Subrecipient Monitoring Risk Form</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete Subaward Payment Authorization Form</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval of Payment Request in UAccess Financials</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete Subaward Modification Initiation Form</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter PO Amendment in UAccess Financials</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process any requested Subaward Modification: For modifications: compliance, drafting, department approval, etc. responsibilities same as noted for New Subaward</td>
<td></td>
<td>X</td>
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<table>
<thead>
<tr>
<th>Closeout Stage</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Send Award Closeout Memorandum to Subrecipients</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide Subaward Closeout Checklist to Subrecipient</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide information to CRS to closeout Subaward</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare Closeout letter and forward to Subrecipient, as well as notify PACS to close PO in UAccess Financials</td>
<td></td>
<td>X</td>
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</tbody>
</table>
**Prime Award Proposal Stage**

When determining whether a Subrecipient or Contractor relationship exists, the substance of the relationship is more important than the form of the agreement. Specific characteristics of the proposed relationship may not always be present, therefore judgment should be used in determining whether an entity is a Subrecipient or a Contractor.

For example:

- Determine what type of work is needed by the proposed entity

- Type of collaborative relationship between University of Arizona Principal Investigator and outside entity

Subaward - involves a collaborative working relationship between a University of Arizona Principal Investigator and a Principal Investigator at another organization AND meets the following criteria:

- The source of funding is a grant/award/contract.
- The Subrecipient Principal Investigator has programmatic decision making responsibilities on the Prime Award.
- Performance is measured against a pre-designed scope of work and budget that is submitted to the Prime Award Sponsor.
- Has responsibility for adherence to applicable Federal program compliance requirements.

**VS.**

Professional Services Agreement – processed through Procurement and Contracting Services (PACS) as a Contractor and does not involve collaborative work, i.e. does not meet the criteria above. Contractor – a dealer, distributor, merchant, or other seller providing goods or services that are required and meet the following criteria:
• Provides the goods and/or services within normal business operations.
• Provides similar goods or services to many different purchasers.
• Operates in a competitive environment.
• Are not subject to compliance requirements of a Federal program.

For assistance in determining if a planned collaborative relationship is a Subaward or Professional Services Agreement, contact Contracting & Research Services (CRS).

**Selecting a Subrecipient – Sole Source vs. Competitive Bid**

University of Arizona Principal Investigator completes and signs the Subaward Sole Source v. Competitive Bid Request Form. This is a requirement for both Federal and non-Federal awards.

Subrecipient chosen without competitive bid if:

• Prime Award Sponsor indicates Subrecipient is specifically authorized in Prime Award; and
• The University of Arizona Principal Investigator explains the “specific” expertise the Subrecipient brings to the project on the Subaward Sole Source v. Competitive Bid Request Form.

Subrecipient chosen with competitive bid if:

• Prime Award Sponsor approves issuance of a Subaward, but does not specify a specific Subrecipient in the Scope of Work; and
• University of Arizona Principal Investigator cannot certify the level of expertise a specific Subrecipient brings to the project.
Federally Funded Subaward:
At the proposal stage, the University of Arizona Principal Investigator obtains:

- A clear and detailed Scope of Work, including **deliverables**. It is important to determine whether the Subaward will be issued as Cost Reimbursable, Fixed Price** OR Cost Plus Fixed Fee.
- A clear and detailed Budget and Budget Justification.
- Completion of the **Subaward Budget Negotiation Documentation Form**.
- Subrecipient’s valid DUNS number. Verify in SAM.gov that Subrecipient is registered [https://www.sam.gov/portal/public/SAM](https://www.sam.gov/portal/public/SAM). **This is a Federal requirement when issuing Federal/sub-Federal funds to Subrecipients.**

Non-Federally Funded Subaward:
At the proposal stage, the University of Arizona Principal Investigator obtains:

- A clear and detailed Scope of Work, including deliverables.
- A clear and detailed Budget and Budget Justification.

**Please contact CRS to discuss the restrictions to issuing a fixed price award (effective 12/26/14).**
Issuance of a Subaward

Requisition for a New Subaward
When the University of Arizona has accepted and established the Prime Award in UAccess Research and UAccess Financials, the following steps should be taken.

• Business/Finance Office verifies Subaward can be issued under the Prime Award. Contact fund accountant in Sponsored Projects Services (SPS) for assistance.
• Enter Requisition in UAccess Financials. Also note that under “Subaward Links” on the Research Gateway website (http://rgw.arizona.edu), there is a tutorial available to assist in the submission of a Subaward Requisition. Here are some important points to include:
  ▪ Under Document Overview tab, add Description. Example: “Subaward to University of XXXX” or “Subaward to Company XXXX”.
  ▪ The box in the “Payment Request Positive Approval Required” field MUST be checked “Yes”.
  ▪ Under Items tab, the following object codes must be used:
    o 3350 for the first $25,000 of the Subaward
    o 3340 for all remaining funds on the Subaward
  ▪ Each item above should be entered as a separate Item line and include the start and end date for first year of funding.*
  ▪ The total of both Item lines will populate in the Total Amount line at the top of the Requisition. Example:
    $25,000 – Item line #1
    $50,000 – Item line #2
    $75,000 – Total Amount line

• Complete a New Subaward Initiation Form. The following documents are required and must be completed and attached to the Requisition under “Notes and Attachments”**

* Subawards are issued on a yearly basis. Therefore, the initial budget submitted MUST be for one year ONLY.
** Each form/document should be attached on a separate line under this Tab.
- New Subaward Initiation Form
- Subaward Sole Source v. Competitive Bid Request Form
- Subaward Budget Negotiation Documentation Form (if federally funded)
- Detailed Scope of Work
- Budget and Budget Justification

- Do not add any information under the Payment Info tab. The information under this tab, including the Begin and End dates will be entered by PACS only! PACS will add the dates verified by CRS when the PO is established in UAccess Financials.

Once the Requisition has been reviewed in UAccess Financials by CRS and all REQUIRED documentation has been provided, CRS will perform compliance checks and begin the drafting process of a Subaward. **When the Subaward is fully-executed, a Purchase Order Number will be assigned.**

**Compliance Requirements**

**SAM.gov**
For federally funded Subawards, CRS must ensure that Subrecipient is registered in SAM.gov. If Subrecipient is either not registered or their registration has expired, CRS will ask the Business/Finance Office to contact the Subrecipient to update this information.

**Audit – This is a requirement for both Federal and Non-Federal funding sources**
For Subrecipients that comply with OMB Circular A-133 ([http://www.whitehouse.gov/omb/circulars_default](http://www.whitehouse.gov/omb/circulars_default)), CRS will review the Subrecipient’s OMB A-133 audit or audited financial statements. If audit issues are present, they will be brought to the attention of the Business/Finance Office.
For Subrecipients that do NOT comply with OMB Circular A-133, an Audit Questionnaire must be completed. These forms are kept on record in CRS.

CRS must complete an audit review for each fiscal year, over the life of the Subaward.

**Subrecipient Monitoring Risk Level**

During the audit review, CRS will determine the Subrecipient monitoring risk level. Criteria reviewed for determination of risk level assigned include:

- Is the Subrecipient organization a Federal Demonstrated Partnership (FDP) member. ([http://sites.nationalacademies.org/PGA/fdp/index.htm](http://sites.nationalacademies.org/PGA/fdp/index.htm)).
- Have Subrecipient’s previous Subawards with the University of Arizona been in good standing.
- Dollar amount of Subaward issued to Subrecipient.
- Is Subrecipient located outside of the United States.
- Is Subrecipient non OMB A-133 compliant.
- University of Arizona department’s compliance with University of Arizona policy and procedures.

**Change in Risk Level**

The assigned risk level can change during the life of a Subaward due to:

- Changes in the terms and conditions of the Subaward, e.g., dollar amount of Subaward; relevant audit findings.

**Debarment/Suspension**

CRS is required to complete this compliance check for both the Subrecipient Organization AND Subrecipient Principal Investigator(s).

**Prime Sponsor Specific Requirements**

CRS is required to flow down the Prime Award terms and conditions. These may include but are not limited to:

• **E-Verify** - Certification of Compliance with FAR 52.222-54 Employment Eligibility Verification. For regulation: [www.dhs.gov/e-verify](http://www.dhs.gov/e-verify).

• **NASA China Funding Restriction (DEVIATION FEB 2012).** For regulation: Assurance of Compliance – China Funding Restriction (iv) An Assurance of Compliance with The Department of Defense and Full-Year Appropriation Act, Public Law 112-10 Section 1340(a); The Consolidated and Further Continuing Appropriation Act of 2012, Public Law 112-55, Section 539; and future-year appropriations herein after referred to as “the Acts”.


• **USDA Certs and Reps, Form AD-1048** – For certification: This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733).

• **COI** – Conflict of Interest
  - **NSF 14-1, Chapter II.C.1.e or CFR 200.112 or 42 CFR 50.604).** See University of Arizona policy: [http://orcr.arizona.edu/coi/public](http://orcr.arizona.edu/coi/public).

• **Export Control.** For regulation: [http://orcr.arizona.edu/ec/fedpol](http://orcr.arizona.edu/ec/fedpol). For University of Arizona policy: [http://orcr.arizona.edu/ec/uapol](http://orcr.arizona.edu/ec/uapol).
**Drafting the Subaward**

CRS will determine the most appropriate type of Subaward agreement to be drafted. Because the University of Arizona does not receive funding from only one funding source, we do not have a “standard” agreement template. There are approximately 100 established Subaward templates.

CRS will draft the appropriate Subaward template using the information provided in the Requisition documentation.

- The more detail provided to CRS, the more accurately we can draft the agreement.

CRS will e-mail a copy of the draft agreement to the Business/Finance Office for review and approval. Additional information requested by CRS include:

- SC-227 Subcontract Authorization form. Signing this form indicates the Business/Finance Office’s approval of the draft Subaward and all additional information provided,
- Subrecipient Monitoring Responsibilities Acknowledgement Form,
- and any other required documentation that must be returned to CRS.

The draft agreement and all of the documents provided to the Business/Finance Office are INTERNAL ONLY and should not be forwarded to the Subrecipient. Contracting & Research Services is the only department authorized to issue and sign Subawards on behalf of the University of Arizona.

**Preparing Subaward for signature**

Upon receipt of the signed SC-227 and any additional information, CRS will prepare the Subaward for signature.
CRS will finalize the Subaward, with all approved attachments, and forward it to the Subrecipient organization for signature.

The Director and/or Contract Officer in Contracting & Research Services are the officials authorized to bind the University of Arizona.

Processing fully-executed Subaward

Receipt of partially-executed from Subrecipient:
When a partially-executed Subaward is received, CRS verifies that all forms related to Prime Sponsor Specific Requirements are completed and a financial audit or other financial documents have been received and reviewed. All documents are forwarded to the CRS Authorized Official for signature.

CRS will then approve the Requisition in UAccess Financials, obtain the Purchase Order Number, and add it to the fully-executed Subaward. CRS scans and e-mails the fully-executed Subaward to the Subrecipient and the Business/Finance Office.

At this point, the Business/Finance Office can submit a Payment Request in UAccess Financials for invoices that show expenses during the active period of performance. Also included with the invoice MUST be the completed Subaward Payment Authorization Form.
**Subrecipient Monitoring**

Risk levels are assessed and determined by CRS and acknowledged by the responsible parties through the Subrecipient Monitoring Responsibilities Acknowledgement Form. Please note that subrecipient monitoring will vary, based on the risk level assigned to Subrecipient. These forms are signed by the University of Arizona Principal Investigator and Business/Finance Office. Signatures indicate that departmental personnel are fully aware and will comply with responsibilities of the subrecipient monitoring plan assigned to each project.

Please note that electronic signatures and clipped signatures are NOT accepted. If the University of Arizona Principal Investigator is not available to sign this form (e.g., out of the country), attach an e-mail from the Principal Investigator, with their approval. The Business/Finance Office will be REQUIRED to follow-up with the Principal Investigator’s original signature on the form upon their return to the University.

The subrecipient monitoring plans are suggested examples for the Principal Investigator and Business/Finance Office to implement based on the Subrecipient’s perceived risk level. Note that the risk level can change during the life of a Subaward. Examples include:

- Changes in the terms and conditions of the Subaward, e.g. dollar amount.

- Relevant audit findings. Audit findings related to research and development are forwarded to the Business/Finance Office for the continuing monitoring of the Subrecipient.

The following Risk Assessment chart highlights key points for the Principal Investigator to monitor at each level.
Following the chart, each risk level is discussed in further detail (Principal Investigator and Business/Finance Office).

The Circular OMB A-133 is the guideline used for all subrecipient monitoring - http://www.whitehouse.gov/omb/circulars_default
**Subrecipient Monitoring**

**Risk Assessment & Responsibilities Chart**

Depending on the risk level of the Subaward (see page 9), the PI and/or the Business/Finance Office should engage in the following (but not limited to) monitoring activities:

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Monitoring Activities</th>
</tr>
</thead>
</table>
| LOW RISK   | - Regular communication with Subrecipient regarding progress of project, as well as maintaining records of progress reports.  
- Review and approval of expenditures under the terms and conditions of the Prime Award and Subaward.  
- Ensure deliverables are in accordance with the Scope of Work. |
| MEDIUM RISK| - Communication with Subrecipient on a quarterly basis regarding progress of project, as well as maintaining records of progress reports.  
- Review and approval of expenditures under the terms and conditions of the Prime Award and Subaward.  
- Ensure deliverables are in accordance with the Scope of Work.  
- Consider site visit to Subrecipient’s physical location. |
| HIGH RISK  | - Communication with Subrecipient on a monthly basis regarding progress of project, as well as maintaining records of progress reports.  
- Review and approval of expenditures under the terms and conditions of the Prime Award and Subaward.  
- Ensure deliverables are in accordance with the Scope of Work.  
- Consider regular site visits to Subrecipient’s physical location.  
- If Subrecipient falls behind schedule and/or approved budget costs dramatically change, work with Subrecipient to rectify the issues. |

NOTE: See pages 16-22 for a detailed description of the roles and responsibilities for each risk level.
Subrecipient Monitoring –
Principal Investigator

• University of Arizona Principal Investigator should set up a communication schedule with Subrecipient Principal Investigator in order to address applicable monitoring, e.g. conference calls, progress of Subaward, expenditures.
  
  o For example, keeping records of meetings (formal or informal) with Subrecipient – when, where, who attended, etc.

• Analyze expenditures to determine if they fall within the Scope of Work.

• Receipt and approval of technical reports, progress reports and other deliverables to ensure that Subrecipient in on schedule.
Subrecipient Monitoring

Low Risk Level

Principal Investigator Responsibilities:

- Regular communication with Subrecipient regarding progress of project. Ensure that the deliverables are in accordance with the approved Scope of Work.
- Maintain records of progress monitoring, including review and approval of performance reports.
- Review and approval of expenditures allowed under the terms and conditions of the Prime Award and Subaward. Ensure proper documentation is included with the invoice.
- Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.

Business/Finance Office Responsibilities:

- Ensure that an appropriate system generated financial report is included with invoice. The financial report should include transactional and payroll records, as well as a detailed line item for each expense.
- Maintain up-to-date and complete file of Subaward and any modifications to Subaward.
- Review accuracy of invoice to ensure payment is within the Subaward terms and conditions AND period of performance.
- Ensure the Principal Investigator has reviewed and approved expenditures of the invoice and has completed and signed* the Payment Authorization Form.
- Review annual financial reports – this should be a summary, by cost categories, of expenses for the Subaward during the prior year, as well as a cumulative total for the Subaward.
• Review final financial report – this should include a final invoice and summary, by cost categories, of the total expenses for the ENTIRE Subaward, as well as a cumulative total.
• Maintain invoices, supporting documentation, and any financial reports, including annual and final reports, for at least five (5) years after the final closeout of the Prime Award.
• Maintain documentation of subrecipient monitoring efforts for audit purposes. Ensure Principal Investigator and Business/Finance Office are in compliance with University of Arizona Subaward policies and responsibilities.
• Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.

*Please note that electronic signatures and clipped signatures are NOT accepted. If the Principal Investigator is not available to sign (e.g., out of the country), attach an e-mail from the Principal Investigator, with their approval of the invoice in question.
Subrecipient Monitoring

Medium Risk Level
Principal Investigator Responsibilities:

- Communication with Subrecipient regarding progress of project on a quarterly basis, as well as maintaining records of progress reports. Ensure that the deliverables are in accordance with the approved Scope of Work.
- Consider site visit to Subrecipient’s physical location.
- Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.

Business/Finance Office Responsibilities:

- Ensure that an appropriate system generated financial report is included with invoice. The financial report should include transactional and payroll records, as well as a detailed line item for each expense.
- Maintain up-to-date and complete file of Subaward and any modifications to Subaward.
- Review accuracy of invoice to ensure payment is within the Subaward terms and conditions AND period of performance.
- Ensure the Principal Investigator has reviewed and approved expenditures of the invoice and has completed and signed* the Payment Authorization Form.
- Review annual financial reports – this should be a summary, by cost categories, of expenses for the Subaward during the prior year, as well as a cumulative total for the Subaward.
- Review final financial report – this should include a final invoice and summary, by cost categories, of the total expenses for the ENTIRE Subaward, as well as a cumulative total.
• Maintain invoices and all financial documentation for at least five (5) years after the final closeout of the Prime Award.
• Maintain documentation of subrecipient monitoring efforts for audit purposes. Ensure Principal Investigator and Business/Finance Office are in compliance with University of Arizona Subaward policies and responsibilities.
• Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.

*Please note that electronic signatures and clipped signatures are NOT accepted. If the Principal Investigator is not available to sign (e.g., out of the country), attach an e-mail from the Principal Investigator, with their approval of the invoice in question.
**Subrecipient Monitoring**

**High Risk Level**
CRS will assign a HIGH risk level to a Subrecipient that falls under any of the following criteria:

- Subrecipient is located outside of the United States
- Subrecipient is not subject to A-133 audit and/or does not have audited financial statements
- History of non-compliance from Subrecipient
- University of Arizona’s obligations/requirements bear higher risk than Subrecipient
- Subaward has budget over $1,000,000
- Subaward is Fixed Price

Principal Investigator Responsibilities:

- Communication with Subrecipient regarding progress of project on a monthly basis regarding progress of project, as well as maintaining records of progress reports.
- Ensure deliverables are in accordance with the Scope of Work.
- Schedule regular site visits to Subrecipient’s physical location throughout the life of the Subaward.
- If Subrecipient falls behind schedule and/or approved budget costs dramatically change, work with Subrecipient to rectify the issues.
- Notify CRS immediately of these issues and non-compliance.
- Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.
High Risk Level (cont.)
Business/Finance Office Responsibilities:

• Ensure that an appropriate system generated financial report is included with invoice. **The financial report should include transactional and payroll records, as well as a detailed line item for each expense.**
• Maintain up-to-date and complete file of Subaward and any modifications to Subaward.
• Review accuracy of invoice to ensure payment is within the Subaward terms and conditions AND period of performance.
• Ensure the Principal Investigator has reviewed and approved expenditures of the invoice and has completed and signed* the Payment Authorization Form.
• Review annual financial reports – this should be a summary, by cost categories, of expenses for the Subaward during the prior year, as well as a cumulative total for the Subaward.
• Review final financial report – this should include a final invoice and summary, by cost categories, of the total expenses for the ENTIRE Subaward, as well as a cumulative total.
• Maintain invoices, supporting documentation, and any financial reports, including annual and final reports, for at least five (5) years after the final closeout of the Prime Award.
• Maintain documentation of subrecipient monitoring efforts for audit purposes. Ensure Principal Investigator and Business/Finance Office are in compliance with University of Arizona Subaward policies and responsibilities.
• Communicate with CRS regarding issues related to non-compliance with the terms of the Subaward, including invoicing and reporting.

*Please note that electronic signatures and clipped signatures are NOT accepted. If the Principal Investigator is not available to sign (e.g., out of the country), attach an e-mail from the Principal Investigator, with their approval of the invoice in question.
Managing Subaward

INVOICES AND DETAILED SYSTEM-GENERATED FINANCIAL REPORTS:

• Review, approve and sign invoices by comparing the invoices to work/progress reports received, expenditure allowability in the scope of work, and review of financial reports that are required to accompany all invoices under the terms of the Subaward.

• In the event of questionable expenditures, within five (5) business days of receipt of the invoice, additional supporting documentation should be requested by the Business/Finance Office. This may include supporting invoices and receipts for transactions that do not appear reasonable.

• Principal Investigator and Business/Finance Office are required to complete and sign the Payment Authorization Form. Please note this form MUST accompany all invoices sent to Accounts Payable for payment. If form is incomplete or not provided, approval of payment request will be placed on hold.

• Submit approved invoice and supporting documentation in UAccess Financials.

• The University of Arizona Business/Finance Office will be notified via e-mail of any issues with payment requests. It is the Business/Finance Office’s responsibility to notify CRS when a corrective action has been completed and the payment request is ready for re-review and approval.

NO PAYMENT CAN BE MADE WITHOUT A FULLY-EXECUTED SUBAWARD IN PLACE, COVERING THE PERIOD OF PERFORMANCE EXPENSED IN THE INVOICE.
PROGRESS AND FINANCIAL REPORTS:

• Progress and financial reports should be received based on the terms and conditions of the Subaward.

• Verify that the work is being conducted and the results are in line with the proposed Scope of Work.

• Ensure that the expenditures are allowable and within the Scope of Work.

• Communicate with Subrecipient if there are concerns or questions with regard to the reports provided.
Modifications

Modifications to a Subaward are issued under the following conditions. Some requests require action in UAccess Financials, by entering a PO Amendment. Others require ONLY written notification to CRS.

<table>
<thead>
<tr>
<th>Modification Action</th>
<th>UAccess Financials</th>
<th>CRS Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>No cost extension</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Additional/Reduction of funds awarded</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Additional funds and extension of time</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Change in Scope of Work</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Budget revisions</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Change in Subrecipient legal name</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Change in Subrecipient Principal Investigator</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Change in Prime Award terms and conditions</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Change in University of Arizona Principal Investigator</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Other administrative changes**</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Termination/closeout of Subaward</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Please note that modifications to a Subaward MUST be line with the Prime Award in UAccess Research. **CRS cannot extend the period of performance for a Subaward beyond the end date of the Prime Award on an annual basis.**

Completion of the Subaward Modification Initiation Form is required when entering actions in UAccess Financials. The information provided in this form will help speed up processing the department’s request by CRS. If changes are being made to the scope of work and/or budget, documentation should also be provided to our office with the completed Initiation form.

**Contact CRS to discuss the “administrative” change being requested.
Questions to ask yourself in determining whether a modification to the Subaward is warranted:

- Has anything occurred during the period of the Subaward that might cause re-evaluation of the Subrecipient?
- Is the project proceeding as envisioned OR should the University of Arizona Principal Investigator investigate the possibility of changing the business decision to work with this Subrecipient?
- Has the Subrecipient submitted timely invoices and backup documentation in the current period of performance?
- Has the Subrecipient submitted progress reports, both financial and technical, to the satisfaction of the University of Arizona Principal Investigator and department?

To request a PO Amendment, the Business/Finance Office ONLY completes the following tabs in UAccess Financials. Also note that under “Subaward Links” on the Research Gateway website (http://rgw.arizona.edu), there is a tutorial available to assist in the submission of a Subaward PO Amendment. Here are some important points to include:

- Document Overview:
  - Description – Subrecipient Name
  - Org. Doc. # - Subaward No. (if the Subaward No. starts with “Y”, add it here)

- Items – add line item with explanation of requested change to Subaward – add’l funds, no-cost extension, etc.
  - DO NOT add the additional funds to an existing Item line#.
  - If requesting a no-cost extension, a $0 line item MUST be added under this tab

- Notes and Attachments – add action requested, as well as attaching the Subaward Modification Initiation Form and all of the relevant documents necessary to process the modification. Remember to add each document under a new line.
Award Closeout Memorandum for Subrecipients

This memorandum explains the strict enforcement of the 90-day award closeout policy implemented by the University of Arizona and how it will affect Subawards. Business/Finance Offices are encouraged to send this memo to Subrecipients 30-60 days before the end date of the Subaward.

Failure to meet the requirements in the Memorandum means the Subrecipient may not receive the final reimbursement, and may also lead to additional sanctions or withholding of future awards.
Audits

Every Subaward issued by the University of Arizona is subject to audit. Subawards can be audited by any of the following:

- State of Arizona OMB-A133 Audit
- Office of Naval Research (ONR) Audit
- Prime Sponsor Audit
- University of Arizona Internal Audit
- Contracting & Research Services (CRS) Internal Audit

During the course of an audit, the auditors will request and review Subaward documentation as proof of appropriate subrecipient monitoring as to comply with University of Arizona policy and procedure, State of Arizona and Federal oversight requirements, and Prime Sponsor requirements.

If a Subaward is selected for audit, CRS will notify the Principal Investigator and Business/Finance Office via email, providing notification of who is performing the audit, when the audit will take place and what documentation is being requested for review. If an auditor contacts a department directly, the Business/Finance Office must notify CRS immediately.

Subawards that are selected for audit are required to provide documentation for review to show:

- Compliance with federal/state requirements with an emphasis on expenditures occurring for the given Fiscal Year audited.
  - Example of documentation that can be requested: copies of invoices and appropriate system generated financial reports for each payment made.

- Ensure payments were made within guidelines.
  - Example of documentation that can be requested: Payment Authorization Form to verify if the appropriate reviews and signatures were provided for
each payment made. Proof of deliverables may be requested.

- Compliance with the Terms and Conditions of the Subaward and those flown down from the Prime Award.
  - Review of Subaward files to ensure that the appropriate federal/state compliance reviews were performed and documented accordingly.

- Compliance of the Subrecipient Monitoring Responsibilities assigned and agreed to by the Principal Investigator and Business/Finance Office.
  - Example of documentation that can be requested: E-mail or any correspondence that verifies that the appropriate monitoring was performed.

State of Arizona OMB A-133 Audit
The State of Arizona Auditor General’s Office completes the OMB A-133 Single Audit, covering each institution under its jurisdiction. The University of Arizona is one of these institutions.

This audit is performed on an annual basis, in order to comply with the OMB Circular A-133 Federal Single Audit requirement.

Office of Naval Research (ONR) Audit
ONR is the University of Arizona’s cognizant auditing authority, and reserves the right to audit at its discretion.

ONR is responsible for certifying the University of Arizona Purchasing System and results of their audit can affect the volume of Federal business the University of Arizona performs.

This audit is performed at the minimum every third year.
Prime Sponsor Audit
Any Prime Sponsor has the right to audit any action taken with funds awarded to the University of Arizona, including those awarded through a Subaward.

Audit of these funds can be done at any time during the life the Project and for several years after the Project has termed.

University of Arizona Internal Audit
The University of Arizona Internal Audit Department has the right and responsibility to audit Subawards to ensure that the University of Arizona complies with all federal/state regulations and requirements.

This audit can be performed at any time during the life of the Subaward.

Contracting & Research Services (CRS) Internal Audit
It is recommended that CRS complete an audit of randomly selected Subawards in order to ensure that compliance with all requirements are being met.

This audit is performed to help departments prepare for possible future audits.
**Closeout of a Subaward**

To legally release the Subaward from financial obligation, the Subaward needs to be formally termed through a closeout letter.

The closeout letter protects the department from future payment requests by providing the exact termination date, the amount of the final invoice and the total amount expended on the Subaward. By signing the closeout letter, the University of Arizona and Subrecipient agree that the project has ended and no additional funds will be requested/paid.

The Business/Finance Office must make sure that all invoices have been paid (including a FINAL invoice) and the Subrecipient has submitted all relevant reports (technical, final financial, etc.) as per the terms and conditions of the Subaward. The Business/Finance Office will need to review the Subaward for specific details on this issue. If there are any questions or concerns, please contact CRS.

**CRS does not automatically close out Subawards, nor does Procurement and Contracting Services (PACS) automatically close out the Purchase Orders in UAccess Financials.**
Process of Closeout
The Business/Finance Office must send an e-mail no later than Day 65 after the end date of the Subaward to CRS and provide the following information to release the encumbrance:

- end date of the Subaward
- final invoice amount
- total amount expended on the Subaward.

CRS will draft the closeout letter for the Business/Finance Office’s review and approval. Once approved, the closeout letter will be sent to Subrecipient for their signature. If the Subrecipient does not return a signed copy of the closeout letter to CRS within 10 days, CRS will administratively close the Subaward and PO.

DO NOT add a PO Amendment in UAccess Financials for closing a Subaward. CRS will notify PACS to close the Subaward PO after receipt of the fully-executed closeout letter from the Subrecipient.
Additional Resources

Links to Federal Regulations governing Subrecipient Monitoring:

http://www.whitehouse.gov/omb/circulars_a110#51 (The monitoring responsibility is briefly described in Section .51. You can also search the key word “subrecipient” in the entire document of OMB Circular A-110)

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf (see page 24, Subpart D, Section _400.(d). Pass-through entity responsibilities)

http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2013 (Click Part 3 -- Compliance Requirements, locate Section M on pages 118-123 of the PDF version.)

Also see this link to the report of NSF audit of University of Arizona’s SAHRA Center: http://www.nsf.gov/oig/06-1-009_Arizona.pdf. This was the audit that prompted University of Arizona to improve our subrecipient policies and procedures in 2006.

Contracting & Research Services is available to answer questions regarding subrecipient monitoring of your Subaward. Group training sessions are also available.