DFA Conversations
Subrecipient Monitoring
-Sponsored Financial Services (SFS)
-Office of Sponsored Programs (OSP)
-Biological and Environmental Engineering (BEE)
Got Subs?

- Now you have to monitor them
  - Why does it matter?
    - Requirement of Uniform Guidance
      - Subrecipient monitoring encompasses
        - Subrecipient Risk Assessment
        - Management decision on audit reports
        - Financial and programmatic review
        - Follow up on all deficiencies noted

Note: subaward = subrecipient = subcontract = subgrant
Subrecipient Monitoring

• Shared responsibilities
  – Principal Investigator (PI), Unit, OSP and SFS

• Central responsibilities
  – Risk assessment
  – Review audits
  – Compliance with financial terms

• Unit/PI responsibilities
  – Review technical and financial progress

https://osp.cornell.edu/Policies/sub-proc.html
Office of Sponsored Programs (OSP)

- Creation of subrecipient profile
  - Entity information (i.e. institutional profile)
  - Risk assessment
    - Evaluate risk of noncompliance
    - Subrecipient’s prior experience
    - Result of previous audits
    - Change in management/organization
    - Extent of federal agency review
Risk Assessment Tool (Example)

Institution Questions (Scored)

• Is the subrecipient institution foreign or domestic
  – Foreign location with stable government and financial systems
• What is the subrecipient organization type?
  – Industry
• Does the subrecipient have a Negotiated IDC Rate Agreement
  – Yes
• Were the results of the most recent Single audit (or similar)
  satisfactory
  – No Single audit, but completed a mini-audit (or similar audit) with no
  problems(s)
• Is the subrecipient institution mature?
  – Subrecipient experience 1-4 years
• Does the subrecipient institution have experience with determining
  conflicts of interest (evidence of an acceptable COI Policy)?
  – No
Subrecipient Risk Assessment

• Initial risk assessment
  – Based on risk factors, consider:
    • Training or technical assistance
    • On-site reviews
    • Engagements (i.e. audits)
    • Additional terms regarding monitoring

• Continuing assessment
  – Annual profile review
  – Management decision on audit reports (OSP/SFS)
Risk Classifications

• Low risk (standard)

• Elevated risk - increased risk of disallowance
  – OSP notifies unit
  – Identified on Sponsored Project Portal
  – Requirements may include:
    • Heightened monitoring
    • Desk review
Executed Subaward Agreement

• Review subaward terms and conditions
  – Prime award terms generally flowed down
    • Including cost share requirements.
  – Be cautious of additional deliverables
• And then…..

• Monitor activity throughout the period of performance
Technical Monitoring – PI

• Responsible for timely completion of project
  – Progress reports
  – Review and discuss performance as needed
• Subrecipient not performing impacts the entire project
Financial Monitoring – PI/Unit

• Invoice is commensurate with progress
• Expected deliverables received
  – Performance as expected
• Unit approval indicates PI approval
  – High risk subawards
• Requires documentation of PI approval
Managing Elevated Risk

• Challenges
  – Invoices not timely
  – Technical Reports
  – Questionable transactions
Receiving / Approving Invoices – PI/Unit

- Current and cumulative expenses noted
  - Including cost share, if applicable
  - Cumulative expenses recorded in general ledger
- Invoice certification (§200.415)
- Invoice payment, §200.305(b)(3), within 30 days
  - Unless the invoice is believed to be improper
  - Document delays in approval/payment
Accounting for Subawards

- KFS Sub-Account (or alternatively a related account) established for each subaward
- General ledger budget
  - Authorized amount plus indirect costs
  - Subsequent modifications budgeted
Accounting for Subawards

• Processing invoices
  – Disbursement Voucher (DV)
  – Payment Reason L-Payments for Contractual Agreements
  – Appropriate object codes regardless of indirect costs
    – 6660: Services, Spons Subs under $25K
    – 6650: Services, Spons Subs over $25K
## Closing Out Subaward

- Final invoice – Marked as final
  - All deliverables met
  - Logged as received in the Sponsored Portal

### Final Report Dates

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<tr>
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<tr>
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</tbody>
</table>

To enter the date received for the fiscal deliverable, the dates received for the other required deliverables must be entered.
Contacts

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Questions: