MICHIGAN STATE UNIVERSITY

Sponsored Programs Administration

Office of Sponsored Programs | Contract and Grant Administration

PI/Department Checklist for Post-Award Subrecipient Monitoring

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Purpose:

Managing a subaward under a sponsored program RC account is a shared responsibility. The purpose of this document is to summarize some of the responsibilities of the MSU PI/Department Administrator and provide a checklist of subrecipient monitoring actions that occur throughout the life of your subaward agreement. Please read through the information carefully to understand the responsibilities associated with your role and assist MSU to be compliant with all federal, state, and other applicable rules and regulations. Detailed information regarding your subawards can be found in CGA's Account Explorer (www.cga.msu.edu) by navigating to the "subaward" tab under the applicable RC account.

Subaward Invoices and Payments

Subrecipients send invoices to the MSU Department Administrator listed as the 'Financial Contact' in the subaward agreement for review and payment initiation. While reviewing subaward invoices, consider the following prior to submitting the payment in KFS:

☐ **Are invoices being submitted to MSU timely per the terms of the subaward agreement?**

- Review payment terms within the subaward agreement.
  - Monthly, quarterly, by deliverable, etc.
- Final invoices should be marked FINAL by the subrecipient and are typically due 30-60 days after the subaward end date.
- If the subrecipient had an advance, has it been reconciled timely per the approved reconciliation schedule?

☐ **Does the invoice contain the required information per the terms of the subaward agreement?**

- Review payment terms within the subaward agreement.
  - Typical required categories include subaward number, billing period, current and cumulative costs (including Cost Share if applicable), expense detail per budget category
  - Certification statement and signed by an authorized official
  - Supporting documentation (typically required for elevated risk subrecipients)
    - Receipts should be reconciled to the invoice amount and be easily identifiable.
    - Conversion and currency exchange rate information will be required for you to complete an accurate review of any expenses denominated in a foreign currency.
    - Any questions regarding the invoice and documentation should be resolved with the subrecipient *prior to* PI certification and payment initiation in KFS.

☐ **Are the expenditures on the invoice allowable per the terms of the subaward agreement?**

- Review general terms and conditions within subaward agreement.
- Are the expenses in accordance with the subrecipient's approved budget?
- Are the expenses allowable per the prime Sponsor's terms and conditions and Uniform Guidance? Federal/State Cost Guidance
- Were expenses incurred within the subaward project period start and end dates?
- Is the subrecipient's approved F&A rate being used?

☐ **Are the expenditures on the invoice reasonable and allocable based on the scope of work being performed?**

- Review scope of work within subaward agreement to ensure all costs provide a benefit to the award.
- Does the amount of the invoice align with the subrecipient's technical progress?
- Does the amount paid for items such as contractual services, supplies, and equipment appear to be fair and reasonable (would a prudent person pay the same amount)?
- PI certification is required for each subaward invoice to confirm the work being performed by the subrecipient is satisfactorily rendered and the expenses on the invoice are reasonable.
- Approved methods of documenting PI certification can be found here: Subaward Guidance

☐ **Are invoices being processed in MSU's financial system (KFS) timely with the required documentation?**

- Prior to processing the first subaward invoice, you should verify that your subrecipient is an established vendor in MSU's Kuali Financial System (KFS). This likely only applies to entities who have not had a subaward agreement with MSU previously.
    - If not currently an established vendor, follow the steps outlined in the MBP Section 75 to establish a new vendor (Section 75 | Michigan State University). Contact MSU Accounting Office with questions regarding KFS vendor requirements.

- To be compliant with Uniform Guidance 2CFR, 200.305(b)(3), pass-through entities must make payment within 30 calendar days after receipt of the billing, unless the pass-through entity reasonably believes the request to be improper.
    - It is recommended to fully document any delays required to resolve invoice concerns with the subrecipient directly on the KFS disbursement voucher, as payments processed beyond 30 days may result in an audit finding.

- Use of the appropriate financial object codes in KFS (#6593 for the first $25k and #6594 for all remaining payments over $25k) to ensure subaward F&A is correctly calculated on your award.

- Inclusion of supporting documentation for elevated risk subrecipients that has been reviewed and approved by the Fiscal Officer.
    - It is recommended that a numbered list of receipts is provided (in English) with the corresponding number on each receipt. If applicable, translation and currency exchange rate information should be included.

Subrecipient Performance

The MSU Principal Investigator is responsible for the oversight of all subrecipient activities, including receiving programmatic/technical reports and monitoring performance against the expected work plan. During the post-award life of your subaward, consider the following:

☐ **Is there regular communication with the subrecipient regarding project related objectives?**

- Documentation of meetings, emails, and phone calls may be requested in the event of an audit.

☐ **Are technical/programmatic reports (or any applicable deliverables) being received timely, reviewed, and kept on file in the department throughout the record retention period?**

- Typically, subaward agreements require the subrecipient to submit a final report to the MSU PI. Additional reporting requirements are detailed in the subaward agreement.
- Documentation of report submission and MSU PI review may be requested in the event of an audit.

Subaward Modifications and Closeout

The MSU Principal Investigator considers requests from the subrecipient for modifications to a subaward, including changes to the scope of work, no-cost extensions, and additional years of funding. The Department Administrator, often the Fiscal Officer, acts as a liaison between the subrecipient's business office and CGA/OSP regarding the subaward, as well as any modifications.

☐ **Once the need for a subaward modification was identified, did you submit a timely request to CGA/OSP?**

- CGA/OSP Subaward teams will not automatically modify a subaward agreement without an authorized request from the MSU PI or Department Administrator.
- To request a subaward modification, please use the Subaward Modification Request Form and instructions at: Subaward Modification. Please provide any applicable revised subaward documents related to the amendment (revised scope of work, revised budget, etc.).
- Subawards that are incrementally funded and extended (e.g. NIH funded subawards) will require modification requests submitted for *each* applicable increment received on the MSU award/RC account, typically on an annual basis. You will receive an email notification from CGA's Awards Group each time your prime award is modified with instructions regarding the subaward.
- Some subaward modification requests may first require prior agency approval, such as key personnel changes and effort reduction.
- Subaward termination requests should be communicated to the CGA/OSP Subaward team as soon as possible with an effective date. CGA/OSP will correspond with the subrecipient regarding this process.
- If your Department Administrator contact information has changed (MSU's Financial Contact), we recommend notifying the subrecipient and CGA of the new contact information as soon as possible so there are no delays in subaward invoice processing. A formal modification to the subaward may be needed.

☐ **The Subrecipient work is now complete, how do you request a closeout?**

- Confirm the subrecipient work has been completed, all required reports are received, and an invoice marked "FINAL" is received and processed in KFS before requesting closeout.

- Subaward final invoice due dates are detailed in the subaward agreement and Account Explorer. We recommend following up with the subrecipient directly to ensure any final required items are received in a timely manner. PI's and Department Administrators must be diligent in monitoring and processing subrecipient final invoices to meet CGA's RC account closeout deadline requirements Sponsored Program Final Cost Deadline Guidance.
- Please work with the CGA staff member handling the closeout of your RC account or email the CGA Subawards Team directly (subawards@cga.msu.edu) to closeout your subaward.

Subrecipient Non-Compliance

In the event of a subrecipient invoice/payment issue, the MSU PI and Department Administrator should:

- ✓ Identify the non-compliance issue
- ✓ Correspond with the subrecipient, when appropriate, to request corrections. This may be in the form of requesting supporting documentation and a business purpose or formally rejecting the invoice. Retain all communications.
- ✓ Notify the CGA Subawards Team

In the event of a subrecipient performance issue, the MSU PI should:

- ✓ Identify the non-compliance issue
- ✓ Correspond with the subrecipient PI, when appropriate, to resolve outstanding issues. This may result in formal changes needed to the subaward agreement, scope of work, etc.
- ✓ Notify the CGA Subawards Team

Additional Resources:

- Expense Processing FAQs (see Subaward Payments)
- Subaward Guidance
- Federal/State Cost Guidance
- Subaward Modification Form and Group Contact Information
- Subaward Attributes and Documentation Requirements
- eCFR :: 2 CFR Part 200 Subpart D - Subrecipient Monitoring and Management