Harvard University is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of sponsor funds. Subawards are subject to federal and/or agency-specific regulations established by the prime sponsor.

The Subrecipient Monitoring Committee developed the following collection of documents to assist administrators at the department and central level with subrecipient monitoring. The use of these tools and scope of monitoring procedures should be determined by the PI and administrators based on the nature of the grant and the perceived risk associated with the subrecipient. All of the following forms are optional; however, additional monitoring efforts should always be implemented if there is any question about the subrecipient’s ability to ensure proper use and financial management of sponsor funds during any stage of the award.

Information related to the recommended use of each form is found in the document’s page header. The Harvard University Subrecipient Monitoring Guide includes the following documents, broken out by award stage:

**Department Reference:**
- Stages of Subrecipient Monitoring
- Roles and Responsibilities Chart

**Initial Award Stage Monitoring:**
- Risk Assessment Matrix
- Domestic Subrecipient Profile Questionnaire
- Foreign Subrecipient Profile Questionnaire
- Subrecipient Monitoring Plans

**Ongoing Monitoring:**
- Welcome Package for New Subrecipients
  - Welcome Letter
  - Sample Invoice
- Invoice Monitoring Guide
- Subrecipient Monitoring Record
- Problematic Subrecipient Letter
Subrecipient Monitoring Resources & Contact Information

Office for Sponsored Programs
- Subrecipient Monitoring Committee: amy_gustavsson@harvard.edu
- Subrecipient Monitoring Policy: osp.fad.harvard.edu

Harvard Global Support Services
- Drew Wheadon, Program Manager: drew_wheadon@harvard.edu

Faculty of Arts and Sciences – Research Administration Services
- Charlotte Mallio, ARRA Project Specialist: cmallio@fas.harvard.edu
- Nuala McGowan, Senior Manager for Compliance: nmgowan@fas.harvard.edu

Harvard Medical School – Office of Finance
- Rita Bergemann, Manager of Research, Finance and Policy Compliance: rita_bergemann@hms.harvard.edu

Harvard Medical School – Office for Professional Standards and Integrity
- Keri Godin, Program Manager: keri_godin@hms.harvard.edu

Harvard School of Public Health – Sponsored Programs Administration
- Eileen Nielsen, Director of Research Administration: enielsen@hsph.harvard.edu

Harvard School of Engineering and Applied Sciences
- Carleen Brunelli, Associate Dean for Research Administration: cabrunelli@seas.harvard.edu

Harvard Kennedy School
- Melissa Siegel, Sr. Sponsored Programs Analyst: melissa_siegel@hks.harvard.edu

Harvard Graduate School of Education
- Tiffany Cott, Asst. Director, Sponsored Projects: tiffany_cott@gse.harvard.edu

Wyss Institute
- Van Ferrell, Senior Research Officer: van.luong@wyss.harvard.edu
Table of Contents

Department Reference:

Stages of Subrecipient Monitoring ................................................................. Page 4
The Stages of Subrecipient Monitoring provides an overview of the monitoring activities performed at each stage of a subaward.

Roles and Responsibilities Chart ................................................................. Page 5
The Roles and Responsibilities Chart provides an overview of the general subrecipient monitoring process. Due to the varying nature of subawards, responsibility for a specific subrecipient monitoring task may differ.

Initial Award Stage Monitoring:

Risk Assessment Matrix ........................................................................ Page 6
The Risk Assessment Matrix is used by departments to assess the level of risk posed by the subrecipient.

Domestic Subrecipient Profile Questionnaire ........................................ Page 8
The Domestic Subrecipient Profile Questionnaire is used to help determine a subrecipient organization's financial and management strength, which helps assess risk and dictates the monitoring plan for domestic subrecipients.

Foreign Subrecipient Profile Questionnaire ........................................... Page 11
The Foreign Subrecipient Profile Questionnaire is used to help determine a subrecipient organization's financial and management strength, which helps assess risk and dictates the monitoring plan for foreign subrecipients.

Subrecipient Monitoring Plans ................................................................. Page 13
The Subrecipient Monitoring Plans gives examples of subrecipient monitoring plans to implement based on a subrecipient's perceived riskiness.

Ongoing Monitoring:

Welcome Letter for New Subrecipients ................................................ Page 14
The Welcome Letter for New Subrecipients introduces new subrecipients to Harvard’s business practices and sets the expectations for complying with Harvard’s policies.

Sample Invoice ....................................................................................... Page 15
The Sample Invoice demonstrates the elements required for a complete invoice when billing subaward expenses.

Invoice Monitoring Guide ..................................................................... Page 16
The Invoice Monitoring Guide is a list of 10 questions for departments to consider when monitoring invoices for completeness and compliance with Harvard’s policies.

Subrecipient Monitoring Record ............................................................. Page 17
The Subrecipient Monitoring Record is used to document monitoring efforts and maintain an audit trail.

Problematic Subrecipient Letter ............................................................. Page 18
The Problematic Subrecipient Letter is sent to subrecipients at the request of a member of the Subrecipient Monitoring Committee when a subrecipient is identified for late billing, communication difficulty, or any other factor related to noncompliance or potential noncompliance.
Stages of Subrecipient Monitoring

Initial Award Stage

The initial award stage includes proposal through award set-up. The goal of subrecipient monitoring efforts at this stage is to ensure that the subrecipient is capable of **compliantly spending the federal funds** and meeting the project goals.

**Compliantly performing a risk assessment**: A risk assessment should be performed to assess the potential risk level of a subrecipient. This step is especially helpful for subrecipients with whom Harvard has had no previous experience. A questionnaire relating to the organization’s financial and management strength can be completed internally or by the subrecipient.

**Developing a monitoring plan**: The results of the risk assessment should be used to determine the frequency and scope of subrecipient monitoring. The monitoring plan should include strategies to mitigate potential risks of non-compliance.

**Useful tools:**
- Risk Assessment Matrix
- Domestic Subrecipient Profile Questionnaire / Foreign Subrecipient Profile Questionnaire
- Subrecipient Monitoring Plans

Ongoing Monitoring

Ongoing monitoring includes activities undertaken to monitor the subrecipient’s administration, billing and scientific progress as well as on-going risk assessments (i.e. review of annual audit findings).

**Communication with subrecipient**: Frequent communication between the PI, departmental staff and research administrators at Harvard and the subrecipient institution is essential to ensure a compliant and successful collaboration. A letter and/or sample invoice that outlines Harvard’s business practices and expectations can be sent to the subrecipient with new awards.

**Invoices**: To ensure proper use of sponsor funds, invoices must be monitored for completeness.

**Record of subrecipient monitoring efforts**: Best practice dictates documenting all efforts related to subrecipient monitoring, especially if there are issues such as late billing or communication difficulty.

**Useful tools:**
- Welcome Letter for New Subrecipients
- Sample Invoice
- Invoice Monitoring Guide
- Subrecipient Monitoring Record
- Problematic Subrecipient Letter

Award Closeout

Award closeout includes activities related to ensuring that the work was performed and properly billed. At the end of the award, the department is responsible for ensuring that all documentation related to project performance and financial obligations are received. Subrecipient monitoring activities that should be performed at award closeout include verifying that the final invoice is marked “final” and reviewing all technical/financial reports to ensure that the subrecipient provided all project deliverables and met project obligations.
# Roles and Responsibilities Chart

**How to use:** The Roles and Responsibilities Chart provides an overview of the general subrecipient monitoring process. Due to the varying nature of subawards, responsibilities for specific subrecipient monitoring tasks may differ.

## PROPOSAL STAGE

<table>
<thead>
<tr>
<th>Role</th>
<th>PI</th>
<th>Dept.</th>
<th>Tub-Level</th>
<th>Submitting Offices</th>
<th>SMC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perform a Subrecipient Risk Assessment with special consideration for new subrecipients and Provost Criteria</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop a subrecipient monitoring plan and consider:</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Potential risk as determined by risk assessment and/or questionnaire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provost Criteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Additional monitoring for potentially problematic subrecipients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete the Foreign Subrecipient Profile Questionnaire</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## AWARD STAGE

<table>
<thead>
<tr>
<th>Role</th>
<th>PI</th>
<th>Dept.</th>
<th>Tub-Level</th>
<th>Submitting Offices</th>
<th>SMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check award dates and budgeted dollars</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Develop a subrecipient monitoring plan and consider:</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Additional monitoring for potentially problematic subrecipients based on risk assessment and/or questionnaire</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential issues identified in monitoring plan at proposal stage</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## MANAGING STAGE

<table>
<thead>
<tr>
<th>Role</th>
<th>PI</th>
<th>Dept.</th>
<th>Tub-Level</th>
<th>Submitting Offices</th>
<th>SMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow or develop monitoring plan with consideration of:</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Level of communication with subrecipient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Analysis of funds spent versus programmatic work completed to date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Technical Reports, Progress Reports and other deliverables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Late invoices, communication with subrecipient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review invoiced costs for:</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Allowability and applicability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Appropriateness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accuracy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report any issues to the tub-level office and/or the Subrecipient Monitoring Committee</td>
<td>✓P</td>
<td>✓P</td>
<td>✓P</td>
<td>✓S</td>
<td></td>
</tr>
<tr>
<td>Propose risk-mitigation strategies for problematic subrecipients</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*SMC = Subrecipient Monitoring Committee  P=Primary Responsibility  S=Secondary Responsibility*
## Risk Assessment Matrix

**How to use:** The Risk Assessment Matrix is used by departments to assess the level of risk posed by the subrecipient. If Harvard is issuing a subaward to an organization with whom the University has no previous relationship, it is advised to perform a risk assessment at the award stage to determine if a monitoring plan is needed.

<table>
<thead>
<tr>
<th>Category</th>
<th>Lower Risk</th>
<th>Medium Risk</th>
<th>Higher Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Foreign vs. Domestic</strong></td>
<td>Domestic (US only)</td>
<td>Canada, US territories</td>
<td>All other international locations</td>
</tr>
<tr>
<td><strong>2. Facilities and Infrastructure</strong></td>
<td>Work occurs in adequate, established space at subrecipient’s facility</td>
<td>Some work done at HU facilities</td>
<td>Subrecipient’s lab resources are inadequate, requiring that work occur on HU campus</td>
</tr>
<tr>
<td><strong>3. Maturity of Organization</strong></td>
<td>Mature (e.g. more than 10 years)</td>
<td>Mature, but not research oriented</td>
<td>Start-up, no fiscal controls in place yet</td>
</tr>
<tr>
<td><strong>4. Organization Type</strong></td>
<td>University or Non-profit (Collegial Terms and Conditions (T&amp;Cs)</td>
<td>University or Non-profit with more restrictive T&amp;Cs (e.g. state regulations)</td>
<td>Industry organization</td>
</tr>
<tr>
<td><strong>5. Award Type</strong></td>
<td>Grant from federal or non-commercial source</td>
<td>Coop agreement or grant with special conditions</td>
<td>Contracts and contracts with subcontracts</td>
</tr>
<tr>
<td><strong>6. Amount/Percentage of Award Subcontracted</strong></td>
<td>Lower funding levels or percentage of total funds allocated to subrecipient (e.g. &lt;$100k)</td>
<td>Funding is a large part of smaller award</td>
<td>Funding level&gt;$500K or &gt;49% of award</td>
</tr>
<tr>
<td><strong>7. Accounting/Procurement Systems</strong></td>
<td>Systems have been approved (existing audit is an indicator)</td>
<td>Systems less qualified to handle large amounts of federal money (Financial audit conducted but not required by Uniform Guidance Audit Requirements)</td>
<td>No systems are in place, or systems are new</td>
</tr>
<tr>
<td><strong>8. Negotiated Indirect Cost Rate Agreement</strong></td>
<td>Has detailed negotiated rate agreement</td>
<td>Has simple rate agreement</td>
<td>Does not have negotiated rate agreement</td>
</tr>
<tr>
<td><strong>9. Audit Report</strong></td>
<td>Has annual audit as required by Uniform Guidance Subpart F</td>
<td>Has annual third-party financial audit</td>
<td>Has not had an annual financial audit</td>
</tr>
<tr>
<td><strong>10. Prior experience with Harvard University</strong></td>
<td>Previous positive experience as HU subrecipient</td>
<td>Previous experience as HU subrecipient but may have some minor concerns</td>
<td>New subrecipient or previous negative experience (the Subrecipient Monitoring Committee can provide more info. on past experience)</td>
</tr>
<tr>
<td>11. ITAR/EAR</td>
<td>No export controlled activity involved</td>
<td>Collaborative agreements with potential for ITAR control needed</td>
<td>Organization or project involves ITAR (e.g. satellites, biological warfare)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

### Initial Award Stage Monitoring

<table>
<thead>
<tr>
<th>Category</th>
<th>Lower Risk</th>
<th>Medium Risk</th>
<th>Higher Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Compliance (animal/human subjects, DNA, stem cells)</td>
<td>No compliance issues involved, or exempt per IRB</td>
<td>A/S or H/S involved, but non-medical or non-invasive</td>
<td>Animal/human subject or other compliance issues involved, higher risk activities</td>
</tr>
<tr>
<td>13. Scientific Relationship between Harvard PI and Subrecipient PI</td>
<td>Subrecipient PI is a familiar collaborator</td>
<td></td>
<td>No previous collaboration</td>
</tr>
<tr>
<td>14. Difficulty of Scope of Work &amp; Deliverables</td>
<td>Report only - easily met objectives</td>
<td>Possibility of change in scope or collaborative work scope</td>
<td>Tangible products, deliverables necessary in order to achieve project success</td>
</tr>
<tr>
<td>15. Transparency / Frequency of Reporting</td>
<td>Frequent reporting or easily assessed progress based on milestones or observable outcomes</td>
<td>Auditors can perform testing only on part of portfolio, but other auditing or audit reports are provided</td>
<td>No reporting until the end of the project, no measurable or observable milestones or outcomes</td>
</tr>
<tr>
<td>16. Audit restrictions</td>
<td>Auditors are able to perform testing on all awards</td>
<td></td>
<td>Subrecipient places restriction on auditors due to status as Federally Funded Research and Development Center</td>
</tr>
<tr>
<td>17. Transparency - Is auditability restricted? (FFRDC) - Is it a subrecipient on an award with built in audit fees?</td>
<td>Work occurs in a geographic location with reliable power and communication capacity. The location is readily accessible and subcontract expenses include fees for independent audit</td>
<td>Work occurs in remote, inaccessible location that experiences extended or frequent unexpected power outages that impede communication in a non-English speaking environment</td>
<td>Subrecipient has made no commitment to share costs</td>
</tr>
<tr>
<td>18. Cost Sharing</td>
<td>Subrecipient has made no commitment to share costs</td>
<td></td>
<td>Subrecipient has committed to fund project costs not paid by the Harvard subaward</td>
</tr>
<tr>
<td>19. Existing Harvard Monitoring</td>
<td>The subaward is made from an award operating within a Harvard tub with an established research infrastructure</td>
<td>The subaward is made from an award operating within a Harvard tub without an established research infrastructure</td>
<td></td>
</tr>
<tr>
<td>20. Rate of Subrecipient Spending on Award</td>
<td>Pace of spending is consistent with budgeted amounts per year</td>
<td>Pace of spending slightly accelerated compared to budgeted amount per year</td>
<td>Spending far outpaces that which was contemplated in the submitted budget</td>
</tr>
</tbody>
</table>
Domestic Subrecipient Profile Questionnaire

**How to use:** The questionnaire is used to help determine a subrecipient organization’s financial and management strength, which helps assess risk and dictates the monitoring plan for domestic subrecipients. The questionnaire can be completed by the department or by the subrecipient at the department’s discretion during any phase of the award. Questions may be omitted or added to obtain information most useful for developing a monitoring plan.

Fill out the information below, as appropriate or verify the information below and make corrections or additions as needed.

### 1. Complete address and contact information:

<table>
<thead>
<tr>
<th>Name:</th>
<th>Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone:</td>
<td>Fax:</td>
</tr>
<tr>
<td>Email:</td>
<td>URL:</td>
</tr>
<tr>
<td>Incorporated in:</td>
<td>Incorporated Date:</td>
</tr>
<tr>
<td>Number of Employees:</td>
<td>Congressional District:</td>
</tr>
<tr>
<td>DUNS Number:</td>
<td>EIN (Employee ID Number):</td>
</tr>
</tbody>
</table>

Reg. in Central Contractor Registration? Yes[ ] No[ ]  
Date last updated: ______

### 2. Type of organization (check one):

- [ ] Federal Government  
- [ ] Individual  
- [ ] New York State  
- [ ] Other State (non-NY)  
- [ ] Corporation  
- [ ] Foreign Government  
- [ ] Non-Profit Org  
- [ ] University  
- [ ] Foundation

### 3. Organization classification:

- [ ] Large Business  
- [ ] Small Business  
- [ ] Historically Black College / University  
- [ ] Small Disadvantaged Business  
- [ ] Historically Underutilized Business Zone  
- [ ] Woman-Owned  
- [ ] Minority Institution / Owned  
- [ ] Individual  
- [ ] Tribal  
- [ ] Volunteer Organization  
- [ ] Veteran-Owned  
- [ ] Other: _________________________

### 4. Fiscal year dates (month and year):


5. **Name of designated federal cognizant agency, if applicable:**

   [ ] Yes  [ ] No

6. **Negotiated Federal Facilities and Administrative rate (IDC):**

   [ ] Yes  [ ] No

   If yes, please attach a copy of your current rate agreement or provide the URL. If no, please provide the documentation to substantiate the proposed rate (i.e., breakdown of rate components).

7. **Required to comply with the Uniform Guidance Subpart F Audit Requirements:**

   [ ] Yes  [ ] No

   Audit Contact Name and Title:
   
   Auditee Name Filed Under:
   
   *(exact legal name under which your audit report is filed in the Federal Audit Clearinghouse Internet site at [http://harvester.census.gov/sac/](http://harvester.census.gov/sac/)*

   EIN (Employer ID Number) Filed Under:
   
   Address:
   
   Email:

   **NOTE:** answer questions 8-14 only if answer to questions 6 or 7 is “No”

8. **Have annual financial statements been audited by an independent audit firm?** If yes, provide a copy of the statements for the most current fiscal year.

   [ ] Yes  [ ] No

9. **Does organization adhere to CASB (Cost Accounting Standards Board) regulations under the proposed subcontract (FAR Part 30)?** (Refer to [http://www.arnet.gov/far/current/html/Subpart_30_1.html](http://www.arnet.gov/far/current/html/Subpart_30_1.html))

   [ ] Yes  [ ] No  [ ] N/A

10. **Does organization have a financial management system that provides records that can identify the source and application of funds for award-supported activities?**

    [ ] Yes  [ ] No

11. **Does the financial system provide for the control and accountability of project funds, property, and other assets?**

    [ ] Yes  [ ] No

12. **Do policies exist that address:**

    Pay Rates and Benefits?  [ ] Yes  [ ] No
    Time and Attendance?  [ ] Yes  [ ] No
    Leave?  [ ] Yes  [ ] No
    Discrimination?  [ ] Yes  [ ] No
Conflicts of Interest? [ ] Yes [ ] No
Travel? [ ] Yes [ ] No
Purchasing? [ ] Yes [ ] No

*If yes to any of the above, please attach a copy of the relevant policy, or the URL.*

| 13. Describe the method used to support labor and benefit charges |
| 14. Is Government property inventory maintained that identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? |

| [ ] Yes | [ ] No |

**Information contact:**

Name: _____________________________________________
Title: ______________________________________________
Signature: ___________________________________________
Date: ______________________________________________
Foreign Subrecipient Profile Questionnaire

How to use: The questionnaire is used to help determine a subrecipient’s financial and management strength which helps assess risk and dictates the monitoring plan for foreign subrecipients. The questionnaire can be completed by the department or the subrecipient at the department’s discretion during any phase of the award. Questions may be omitted or added to obtain information most useful for developing a monitoring plan.

For additional international project support, contact Global Support Services at http://www.globalsupport.harvard.edu/

I. GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Type of organization: e.g. non-profit (NGO), commercial/for profit (corporation), university, academic research center, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is organization incorporated or legally registered within the country of operations? If no, please explain. If yes, please supply a copy of registration certificate with this questionnaire.</td>
</tr>
<tr>
<td>Please provide copies of any materials that describe the organization, mission, and history. If this information is on a website, please provide the link.</td>
</tr>
<tr>
<td>Please list the names of the chief executive officers. This may include, but is not limited to, the following positions:</td>
</tr>
<tr>
<td>President/Director:</td>
</tr>
<tr>
<td>Chief Financial Officer:</td>
</tr>
<tr>
<td>Please List the number of employees your organization has (or provide a list of personnel):</td>
</tr>
<tr>
<td>Full-time Employees:</td>
</tr>
<tr>
<td>Part-time Employees:</td>
</tr>
<tr>
<td>Does organization have other sources of U.S. Government funds (such as U.S. Agency for International Development or National Institutes of Health)? If yes, please provide the name of the US Federal agency, the grant period, and the amount of funds.</td>
</tr>
</tbody>
</table>

II. INTERNAL CONTROLS

Internal controls are procedures, which ensure that: 1) financial transactions are approved by an authorized individual and adhere to laws, regulations and the organization's policies, 2) assets are kept safely, and 3) accounting records are complete, accurate, and maintained on a regular basis. Please complete the following questions concerning organization’s internal controls:

| Are timesheets kept for each paid employee? | YES | NO | N/A |
| Is each employee’s salary stated in an employment letter or contract? | YES | NO | N/A |
| How often are equipment audits performed? |
III. ACCOUNTING SYSTEM - Subrecipients who have current audit reports performed by an independent auditor do not have to complete Section III and instead may enclose the last two years’ audit reports. 

The purpose of an accounting system is to: 1) accurately record all financial transactions, and 2) ensure that invoices, timesheets, and other documentation support all financial transactions. The type of accounting system often depends on the size of the organization. Some organizations may have computerized accounting systems, while others use a manual system to record each transaction in a ledger. In either case, award funds must be properly authorized, used for the intended purpose, and recorded in an organized and consistent manner, consistent with CAS Standards.

| Does organization have written accounting policies and procedures? If yes, please provide a copy. If no, please explain how transactions are recorded, cash disbursements are made, and account system is managed. | YES | NO | N/A |
| Are financial reports prepared on a cash basis or accrual basis? | YES | NO | N/A |
| Do accounting records separate the receipts and payments of an award from the receipts and payments of other activities? | YES | NO | N/A |
| Do accounting records record award expenditures according to budget categories such as salaries, supplies, travel, and equipment? If no, please explain. | YES | NO | N/A |
| Are invoices, vouchers, and timesheets for all payments made from award funds maintained? If there are circumstances where these documents cannot be, or will not be, obtained, please explain. | YES | NO | N/A |
| Will any cash from award funds be kept outside the bank account (in petty cash funds, etc.)? If yes, please explain the amount of funds to be kept and the name and position/title of the person responsible for safeguarding cash. | YES | NO | N/A |

Please provide the banking and/or Wire Transfer/ACH Transfer information below:

- Name of Bank:
- Account Number:
- Wire ABA Number:
- ACH ABA Number:
- Swift Code Number:

Subrecipient’s authorized signatories:

V. AUDITS – Subrecipients who have current audit reports, which have been performed by an independent auditor, do not have to complete Section V and instead may enclose the last two years’ audit reports. If organization does not have audited financial statements, please submit a copy of the organization’s Balance Sheet and Revenue and Expense Statement for the current fiscal or calendar year.

Harvard University may require an audit of the subrecipient organization’s accounting records. An audit is a review of accounting records by an independent accountant/firm to assess whether the financial information is correct and free of material misstatements.

| Are there any reasons (local conditions, laws, or institutional circumstances) that would prevent an independent accountant from performing an audit? If yes, please explain | YES | NO | N/A |

ADDITIONAL COMMENTS & SPECIAL CONSIDERATIONS
Subrecipient Monitoring Plans

**How to use:** The monitoring plans give suggested examples of subrecipient monitoring plans for departments to implement based on a subrecipient’s perceived riskiness. The Risk Assessment Matrix is used in tandem to help determine the potential riskiness of an organization. If the risk assessment reveals a high potential for financial risk, the department should develop a proposed risk mitigation strategy where the frequency and monitoring strategies are based upon the specific organization and the nature of the scope of work to be completed by the subrecipient.

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**Harvard University Subrecipient Monitoring Plans**

**NOTE:** Using the guidance provided in the Risk Assessment Matrix, determine which monitoring plan recipient.

**Lower Risk**
- Review audit reports through the FDP site and Federal Clearinghouse
- Review invoices to ensure:
  - Timeliness, completeness and accuracy
  - Science is in line with spending
  - PI approval states “okay to pay”
  - Work is performed within the period of performance
  - Compliance with special terms (if applicable)

Review all steps in the “Lower Risk” category in addition to the following:
- If findings exist in the subrecipient’s audit report, determine how material they are and the risk(s) involved (operational, financial or compliance risks)
- Elevate potential risks to tub-level representatives and OSP for discussion at the committee level
- Request and monitor invoices more frequently (monthly vs. quarterly)
- Request and review financial reports more frequently (if possible)

**Medium Risk**

Review all steps in the “Lower Risk” category in addition to the following:
- Exercise your right to audit or consider performing a site visit or desk review
- Request supporting detail for all financial invoices and expenses
- Request regular contact and communication with the PI
- Document conversations and retain pertinent emails
- Withhold payments if necessary

**Higher Risk**

Review all steps in the “Lower Risk” and “Medium Risk” categories in addition to the following:
Welcome Letter for New Subrecipients

How to use: This letter can be sent to new subrecipients from the department or central office to introduce the institution to Harvard’s business practices and sets the expectations for complying with Harvard’s policies. The letter can precede any documentation such as the sample invoice.

Ms. Jane Doe
Grants and Contracts Specialist
Hypothetical University
123 Main Street
Anywheresville, USA 12345

Re: Subaward No. xxxxx between Harvard University and Hypothetical University under DARPA Prime Award No. xxx-yyy-zzz
Harvard PI: Dr. John Doe

Dear Subrecipient:

On behalf of Harvard University, the Office for Sponsored Programs (OSP)/department is pleased to welcome you as a subrecipient and collaborator on the above referenced sponsored project. Harvard University is responsible for the programmatic and financial monitoring of Harvard sponsored award subrecipients.

In addition to the proposed contract, this welcome package provides important information and documentation that is critical to the successful administration and fiscal management of your subaward. The documents enclosed are:

The proposed contract between your institution and Harvard, containing all relevant budgetary, programmatic, administrative and financial information, terms and conditions, and reporting requirements;

A sample subrecipient invoice which your institution may use the sample as a template for billing Harvard for the reimbursement of project expenses. If you opt to use this template, please ensure that your invoices include the same information as provided in the template.

A Subrecipient Profile Questionnaire, which should be completed and returned to the department; (NOTE: replace with Foreign Subrecipient Questionnaire if necessary)

At your earliest convenience, please duly execute both of the enclosed subawards and return them to the attention of the undersigned. Questions of a technical or programmatic nature may be directed to the Harvard principal investigator at [HarvardPI@harvard.edu].

We look forward to working with you in facilitating a fruitful and productive collaboration.

Sincerely,
John Q. Contracts.
Sample Invoice

**How to use:** The sample invoice demonstrates the elements required for a complete invoice when billing Harvard University. The department can send it to subrecipients as part of the welcome package or when resolving billing issues.

Harvard University Sample Invoice

<table>
<thead>
<tr>
<th>Category</th>
<th>3/1/2012 – 4/30/2012</th>
<th>Cumulative Cost to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$24,682.10</td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$8,521.82</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>$3,169.86</td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$3,594.88</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$39,968.66</strong></td>
<td></td>
</tr>
<tr>
<td>Overhead (68%)</td>
<td>$27,178.68</td>
<td></td>
</tr>
<tr>
<td>Non-Overhead Bearing Expenses Tuitions &amp; Stipends</td>
<td>$2,076.67</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$69,224.01</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Amount Reimbursable** $69,224.01

I certify that all payments requested are for appropriate purposes and in accordance with the agreements set forth in the applications and award documents.

PLEASE SEND REMITTANCE TO:

President & Fellows of Harvard College
P.O. Box 415649
Boston, MA 02241-5649

By Wire Transfer/ACH Transfer to:
Bank of America
Harvard University Account #XXX-XXXX
(WIRE) ABA XXXXXXXX
(ACH) ABA XXXXXXXX
Swift Code: XXXXXXX

For questions, please contact: _________________________________
# Invoice Monitoring Guide

**How to use:** This guide is a list of 10 questions for departments to consider when monitoring invoices for completeness and compliance with Harvard’s policies.

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## Invoice Monitoring Guide

**Guide for department review of subaward invoices**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Are the expenses allowable per the subaward and the prime award? Remember the prime award requirements and budget restrictions flow down to the sub-recipient.</td>
</tr>
<tr>
<td>2.</td>
<td>Are the invoiced expenses included in the subaward budget? The subrecipient should only invoice for approved expenses per the subaward or ask for approval of budget changes when necessary to modify the original terms/budget.</td>
</tr>
<tr>
<td>3.</td>
<td>Are the expenses in the agreement consistent with the programmatic plan or work completed to date? The expenses invoiced should agree with the work incurred.</td>
</tr>
<tr>
<td>4.</td>
<td>Obtain Principal Investigator’s (PI) signature on the sub recipient invoice.</td>
</tr>
<tr>
<td>5.</td>
<td>Were all the expenses incurred within the subaward start and end dates? Ensure that the dates on the invoice are within the subaward dates.</td>
</tr>
<tr>
<td>6.</td>
<td>Are the cumulative expenses within the overall approved budget amount? Ensure that subrecipients are not invoicing for amounts over the approved budget.</td>
</tr>
<tr>
<td>7.</td>
<td>Are the invoice expenses per budget category in agreement with the budgeted amount per line item category?</td>
</tr>
<tr>
<td>8.</td>
<td>Do expenses appear to be based on actual expenses? Cost reimbursable subcontracts require invoicing based on actual expenses only.</td>
</tr>
<tr>
<td>9.</td>
<td>Does the invoice total correctly?</td>
</tr>
<tr>
<td>10.</td>
<td>Are the Facilities &amp; Administration (F&amp;A) costs calculated correctly with the correct and agreed upon rate for the subrecipient? Ensure the calculated F&amp;A agrees with the methodology in the budget and only includes Modified Total Direct Cost (MTDC) base expenses that can accrue F&amp;A.</td>
</tr>
<tr>
<td>11.</td>
<td>Does the invoice have an institutional official signature and contain the following statement: “I certify that all expenditures reported (or payment requested) are for appropriate purposes and in accordance with the provisions of the application and award documents.”</td>
</tr>
</tbody>
</table>

**REMEMBER:** Most invoices do not include a large amount of detail. Ask the sub recipient for back-up documentation on specific budget line items if something does not appear correct. **IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED.**
Subrecipient Monitoring Record

**How to use:** The Subrecipient Monitoring Record is used by departments to document subrecipient monitoring efforts and maintain an audit trail. Use of the tracking record is encouraged at all risk levels but is strongly encouraged for medium and high risk subrecipients.

Subrecipient Monitoring Record

*Form for departments to maintain a record of subrecipient monitoring actions*

### Harvard University

- PI Name ____________________________
- HU Fund# __________________________
- Subcontract # _______________________
- Period of Performance ______________

### Subrecipient

- Subrecipient Institution _______________________
- Subrecipient PI __________________________
- Subrecipient Contact _______________________
- Project Invoicing Frequency: ___ Monthly ___ Quarterly

Name and position of the person responsible for overseeing this record ____________________________

### Scheduled Reporting Dates

**(based on the terms of the grant award)**

*these can be uploaded into GMAS and/or retained in the same manner as other grant documents*

<table>
<thead>
<tr>
<th>DATE</th>
<th>COMMENTS</th>
<th>ACTUAL DATE*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

*dates entered as each report is submitted

### Informal Progress Reports Completed

**(these should generally take place at least quarterly)**

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<thead>
<tr>
<th>DATE</th>
<th>METHOD</th>
<th>COMMENTS</th>
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</table>

### Other Communications

<table>
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<tr>
<th>DATE</th>
<th>METHOD</th>
<th>COMMENTS</th>
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</thead>
<tbody>
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</tbody>
</table>
Problematic Subrecipient Letter

How to use: The Problematic Subrecipient Letter is sent to subrecipients at the request of members of the Subrecipient Monitoring Committee when a subrecipient is identified for late billing, communication difficulty, or any other factor related to noncompliance or potential noncompliance.

Name
Title
Institution
Street Address
City, State ZIP

Subject: Harvard University Subrecipient Monitoring

Dear _________:

Harvard University employs a risk-based approach to Subrecipient Monitoring and reviews all subawards across the University. Based on experiences at the department, school, and/or central level, the Harvard Subrecipient Monitoring Committee determines that subawards are in compliance with Harvard policy and federal regulations.

Your institution has been identified by the Harvard University Subrecipient Monitoring Committee as requiring further inquiry due to inconsistent invoicing. **Invoices are not being received in a timely fashion and do not reflect the degree of completeness that we require in order to submit our financial reports.** *(specific wording inserted here depending on the problem identified)*

Please note that your invoices should include a breakdown of expenses incurred by category for the period being invoiced and a total of the expenses incurred for the project period. Invoices must be submitted within 45 days of the period covered by the invoice. The final invoice is due within 60 days after the end date of the Period of Performance.

We value our collaboration with your organization; however, late and/or incomplete invoices can cause financial reports to be submitted late to sponsors, which is an area that has been identified in our audit as an area of high scrutiny. It is extremely important that we receive invoices from your institution/organization in a timely manner. Harvard also welcomes the opportunity to resolve any administrative problem or clarify any miscommunication.

Your attention and cooperation regarding this matter is greatly appreciated.

Best regards,

Amy Gustavsson
Manager Reporting, Cost Analysis and Compliance
Harvard University is committed to keeping up with the changing regulatory requirements and providing helpful subrecipient monitoring guidance. To that end, readers are encouraged to forward suggestions for changes, updates, and corrections to OSP or the Subrecipient Monitoring Committee.