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Subrecipient Monitoring Toolkit

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Responsible Office: Office for Sponsored Programs

Introduction

Subrecipient monitoring is required by Harvard University's Subrecipient Monitoring Policy and is an essential element of sponsored funding stewardship. All key stakeholders share this responsibility. The purpose of this document is to provide guidance and resources to assist with the monitoring process.

For reference:

- **Subaward** refers to the enforceable agreement
- **Subrecipient** refers to the organization
- **Stakeholder** refers to PI, department/local level managing units, schools and Central Offices
- **Central Office(s)** refers to submitting offices Office for Sponsored Programs (OSP) and HMS or SPH Sponsored Programs Administration (SPA)

Proposal Stage

New Subrecipients: Although not required, it is recommended that PIs and department/local level managing units request that Harvard Extended Assessment Team (HEAT) perform a preliminary review of any potential subrecipient organizations without an existing GMAS assessment prior to proposal development. All review requests should be sent to subrecipientmonitoring@harvard.edu at least two weeks prior to proposal submission. This preliminary review may help the PI and Department assess the ability of the organization to participate on a sponsored proposal/award as a subrecipient. Requesting a preliminary review at proposal or Just in Time (JIT) stages could expedite the execution of the subaward agreement. Moreover, this information may inform decisions related to preparation of proposal

budgets.

For All Active Subrecipients: OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) ("Uniform Guidance"), specifically §200.332, requires pass-through entities to evaluate each subrecipient's risk of noncompliance prior to issuing a subaward agreement. This risk assessment is performed by the Central Offices through HEAT for all active subrecipients regardless of funding source in accordance with the Subrecipient Monitoring Policy. To confirm that a risk assessment has been performed, navigate to the Organization Profile in GMAS and search for the organization by name.

Foreign Subrecipients: For NIH proposals, Final Updated Policy Guidance for Subaward/Consortium Written Agreements (NOT-OD-23-182. September 15, 2023), requires that Principal Investigators have access to the subrecipients' records supporting the research outcomes. For subrecipients not subject to the Single Audit Act, the central offices may suggest budgeting the cost of a limited scope audit in the proposal. For more information on the risk assessment process, refer to the Subrecipient Risk Assessment Resources.

Award Stage: Drafting and Negotiating a Subaward

During the award setup process, the relevant Central Office confirms a risk assessment has been completed on all subrecipients included in the proposal. Subrecipients are categorized as green (low risk), yellow (medium risk), or red (high risk).

The majority of subrecipients are rated as low or medium risk and are issued using standard agreement templates, incorporating Harvard and sponsor terms and conditions, with no additional requirements. However, higher risk subrecipients may warrant the inclusion of additional terms and conditions due to potential challenges such as, but not limited to, past performance issues, inefficient internal controls, and/or regulatory or compliance weaknesses. Additionally, any subaward issued under a project that underwent review under the Provost's Criteria may also require additional terms and conditions.

The relevant Central Office, in close consultation with the PI and department/local level managing unit and school, will then draft and issue the subaward and serve as the point of contact for any negotiation with the subrecipient.

For NIH, the following provision is required per NIH policy in all active and new NIH subaward/consortium agreements with foreign subrecipients:

By signing this subrecipient agreement, [Subrecipient name] agrees to provide access to copies of all lab notebooks, all data, and all documentation that support the research outcomes as described in the progress report, to [primary recipient] when requested and with a frequency of no less than once per year, in alignment with the timing requirements for Research Performance Progress Report described in [reference section of contract that provides timing of report submission]. [Subrecipient name] will make such data available via [insert recipient's preferred method here which can be electronic (e.g., Sharepoint, Teams, Box, etc.)]

Subrecipient Assessments

The Harvard Extended Assessment Team (HEAT) performs assessments of all active subrecipients and records all assessments in the Organizational Tab of GMAS.

An assessment includes the following:

1. Review of financial and audit reports
   a. For single audit entities, reviews the single audit report
   b. For non-single audit entities, reviews any financial information available and/or review other relevant subrecipient risk assessment resources
2. Check SAM.gov to ensure the subrecipient is not debarred from doing business with the government
3. Review past and current performance
4. When a subrecipient risk level is changed to red (high risk), Harvard University Subrecipient Monitoring Committee (HUSMC) representatives will consult with responsible parties to determine if an amendment to incorporate additional terms and conditions into the subaward agreement is warranted.

Ongoing Subrecipient Monitoring by PI & Dept/Local Level Unit

Continuous monitoring of the administrative and programmatic performance of the subaward is the responsibility of the PI and department/local level managing unit.

Key elements of subrecipient monitoring include the following:

- Knowledge of the terms and conditions of the subaward, including, but not limited to, the Fly America Act for subawards that have a federal prime, and the Final Updated Policy Guidance for Subaward/Consortium Written Agreements" (NOT-OD-23-182. September 15, 2023) for foreign subawards that have a NIH prime

- Regular communication amongst all Harvard and subrecipient stakeholders

- Invoice/financial report review

- Review of any non-financial reports required by the subaward

- Documentation supporting subrecipient monitoring efforts
  - Email correspondence, invoices, deliverables (such as progress or financial reports), and other supporting documentation.

Monitoring Steps

The subrecipient organization risk ratings are available to view in GMAS in the Organization Tab.

Green or yellow (low to medium risk) subawards:

- Meet with PI regularly to review subrecipient progress

- Ensure invoices/financial reports are timely, compliant with the terms of the subaward agreement, accurate, and contain the appropriate certification

- Obtain PI or PI designee written confirmation/signature approving all payments (Note: **Designee** refers to the individual whom the PI has delegated for subrecipient invoice approval responsibility and who has first-hand knowledge of the PI's sponsored award(s) and programmatic progress of the subrecipient.)
  - For any questionable expense(s), request additional backup from the subrecipient specific to the charge(s) prior to payment

- As issues arise report them to your School Subrecipient Monitoring Committee representative(s)

Red (high risk) subawards:

Follow all steps indicated in the previous lower risk section as well as the following:

- Request additional supporting detail for all financial invoices and expenses in accordance with the subaward terms and conditions

- Document and retain communications regarding project performance

- Report any significant issues to School Subrecipient Monitoring Committee representative(s) immediately. Committee may recommend further action, such as:

    o withholding payments

    o performing an audit or site visit

    o terminating the subaward

Subrecipient Monitoring Quarterly Report Process

On a quarterly basis, Harvard must document and show evidence that each individual subaward is being monitored. Reports are distributed by school/tub to the department/local level managing unit to collect written confirmation of the review of each subaward.

All comments are shared with the HUSMC, uploaded to a SharePoint Site, and periodically reviewed by the University internal auditors and external auditors.

Reviewers are required to provide information in three columns on the report:

- **Review Comments**: Select the appropriate comment from the dropdown menu; the default is **Not Reviewed** (see below)

- Some selections require further explanation, such as programmatic or administrative/financial issues or challenges (see table below)

- **Reviewed by**: Provide full name of reviewer

- **Review date**: Date reviewer provided comments

- **For NIH awards with foreign subrecipients:** indicate yes or no for access to data

Table 1: Types of Review Comments

Dropdown Menu Name	Description of When to Select	Comments Required
Not Reviewed	This is the default status comment that will appear before any review notes have been added	No
No Issues	When invoicing and performance are progressing as planned	No

Invoice Issue	When invoicing is delayed or there is inconsistent billing, formatting issues, failure to provide back-up, improperly documented currency fluctuations, indirect cost concerns, etc.	Yes
Performance Issues	When scientific or programmatic performance is not progressing in the agreed upon or expected manner	Yes
Negotiation Issues	When there is a delay in the negotiation of the subaward	Yes
Termination for Cause	When there are severe programmatic or administrative issues and the subaward must be terminated	Yes
Other	When the issue is not appropriately categorized by the other dropdown selections	Yes
Subaward Ended	When a subaward has concluded but the segment is still active	No

Escalation

Escalation is not limited to the quarterly review process. Serious or recurring issues should be addressed as soon as they are identified. To escalate an issue contact the **School Subrecipient Monitoring Committee**.

Once an issue has been escalated, the School Subrecipient Monitoring Committee will work with the PI, department/local level managing unit, subrecipient, and relevant Central Office to find a resolution

Contacts

- [University Wide/OSP](#)
    - Email: subrecipientmonitoring@harvard.edu
- [FAS](#)
    - Email: submonitoring@fas.harvard.edu
- GSE
    - Email: gse_submonitoring@gse.harvard.edu
- [HKS](#)
    - Email: HKSsubmonitoring@hks.harvard.edu
- [HMS](#)
    - Email: HMS_submonitoring@hms.harvard.edu
- SPH
    - Email: submonitoring@hsph.harvard.edu

Note: All schools not specifically listed here should utilize the University Wide/OSP email address.

Related Policies & Guidance

- [Subrecipient vs. Contractor Guidance](#)
- [Sponsored Expenditures Guidelines](#)
- [Policy on Access to Foreign Subrecipient Records Funded by NIH Grants/Cooperative Agreements](#)