

# HARVARD UNIVERSITY



## Subrecipient Monitoring Policy

Last Revised: December 15, 2023

Responsible Office: Office for Sponsored Programs

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### Policy Statement

Harvard University is responsible for monitoring the programmatic and financial activities of its subrecipients to ensure proper stewardship of sponsor funds. The following policy applies to all subawards issued under sponsored programs made to the President and Fellows of Harvard College, without regard to the primary source of funding. Additionally, this policy addresses institutional responsibilities and assists Principal Investigators (PIs) and administrators to ensure that, in addition to achieving performance goals, subrecipients comply with applicable federal laws and regulations and with the provisions of each subaward agreement.

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### Reason for Policy

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 in order to determine the appropriate monitoring level, monitor the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal statutes and regulations and terms of the subaward, and verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

For non-federal awards, Harvard may also be required by the sponsor to provide evidence of due diligence in reviewing the ability of a subrecipient to properly meet the objectives of the subaward and account for the sponsor's funds.

Failure to adequately monitor the compliance of subrecipients could result in reputational damage to the University and Schools, and jeopardize current and future funding. It is the responsibility of Harvard, as the pass-through entity, to ensure the good stewardship of sponsored funding. All funds assigned to

subrecipient organizations should receive the same diligence as sponsored funds that remain at Harvard.

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## Who Must Comply

All Principal Investigators (PIs) and administrators at Harvard University within all schools, units, divisions, University-wide initiatives, and centers, who are involved with the administration and conduct of sponsored awards that issue and manage subawards must comply with this policy.

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## Roles and Responsibilities

Subrecipient monitoring responsibilities are shared among the following:

### PI & Department/Local Level Managing Unit

- Review past assessments in GMAS to assess the risk level of potential subrecipient organizations at the time of proposal
- Submit to OSP, SPA, or ORA a request for a preliminary review of the subrecipient organization at the proposal stage, if necessary
- Confirm the statement of work and review any non-standard terms and conditions of the subaward during the subaward agreement negotiation process
- Monitor programmatic progress and ability of the subrecipient to meet objectives of the subaward
- Review and approval of subrecipient invoices by PI or designee
- Monitor each subaward throughout the period of performance and escalate concerns to the school subrecipient monitoring subcommittee
- Confirm that the PI is receiving access to NIH funded foreign subrecipient data in accordance with Final Updated Policy Guidance for Subaward/Consortium Written Agreements” ([NOT-OD-23-182, September 15, 2023](#))
- Review the OBI subagreements report on a quarterly basis
- Provide written confirmation of the review of each subaward to the school’s Subrecipient Monitoring Subcommittee on a quarterly basis

### **School/Local Unit**

- Establish a school/local Subrecipient Monitoring Subcommittee or equivalent process to work with PIs and department/local level managing units to resolve issues on subawards as they arise and escalate to University Subrecipient Monitoring Committee if issues continue or cannot be resolved
- Coordinate subaward monitoring at the school level
- Provide records of quarterly subaward monitoring of individual subawards and report material issues noted during the reviews to the University Subrecipient Monitoring Committee (USMC)

### **Office for Sponsored Programs (OSP)**

- Complete risk assessments on new subrecipient organizations and conduct annual assessments on active non-single audit subrecipient organizations
- For single audit entities:
  - On an annual basis confirm that there are no findings against a Harvard subaward, and;
  - Complete risk assessments on a rolling 3-year basis
- On a monthly basis, inform tub level subrecipient reps, by email, of all organizations that have been assessed as high risk (red rating)
- Schedule, run, and document the University Subrecipient Monitoring Committee meetings
- Maintain the subrecipient monitoring organizational risk assessment business process

### **OSP, Sponsored Programs Administration (SPA), Office of Research Administration (ORA)**

- Review information obtained for initial and annual subrecipient organization risk assessment and assign a risk rating
- Incorporate additional terms into subawards if needed, based on information from the PI, department/local level managing unit, and the risk assessment of the subrecipient organization

## University Subrecipient Monitoring Committee (USMC)

- For red and yellow organizations, review, revise, and approve risk assessments on new subrecipient organizations and annual updates to active subrecipient organizations' risk ratings
- Review problematic subawards as identified by the schools and work with the department/local level managing units to establish additional monitoring criteria
- Update subrecipient organization risk rating when appropriate
- Provide training to the University on subrecipient monitoring in coordination with the University Research Administration Training Team (URATT)

## Office of the Provost

- Review and approve certain high-risk projects that may involve subrecipients at the proposal stage and, as necessary, during the life of the award based on the [Provost Criteria](#)

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## Exceptions

In rare cases, there may be certain compelling circumstances where exceptions to this policy may be warranted. All requests for an exception to this policy must be in writing, signed by your [school USMC representative](#) and submitted in advance for evaluation by the Assistant Vice President (AVP) of OSP.

All exception requests will be reviewed on a case-by-case basis, and must include a detailed justification; it is important to provide as much information as possible to assist the reviewer in evaluating the request. After considering the request, the AVP of OSP will determine whether to grant or deny the exception and whether the exception, if granted, will be time limited.

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## Resources

- [Subrecipient Monitoring Toolkit](#)
- Procedures (under revision)
- [Subrecipient Monitoring Online Course](#)

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## Related Policies & Guidance

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

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## Related Documents

- [OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(2 CFR 200\)](#)
- Final Updated Policy Guidance for Subaward/Consortium Written Agreements” ([NOT-OD-23-182. September 15, 2023](#))
- [Provostial Review Criteria](#)

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## Contacts and Subject Matter Experts

- University Subrecipient Monitoring Committee (USMC)
- School subrecipient monitoring subcommittees
- [Office for Sponsored Programs](#)
- [Harvard Medical School Office of Research Administration](#)
- [Harvard Chan School Research Administration](#)
- School research administration offices
- School/tub representatives or subcommittees

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## Definitions

### Contractor (Vendor)

Organization that provides goods and services within normal business operations. Contractors (vendors) provide similar goods and services to many different purchasers, operate in a competitive environment, and provide goods or services that are ancillary to the operation of the sponsored program.

## **Designee**

An individual who the PI has delegated subrecipient invoice approval responsibility and who has first-hand knowledge of the PI's sponsored award(s) and programmatic progress of the subrecipient.

## **Federal Audit Clearinghouse**

Division of the Office of Management and Budget (OMB) that collects information on Single Audit (formerly A-133) results.

## **GMAS**

Harvard's web-based grants management system that includes information about all sponsored awards and connects individuals involved in and responsible for sponsored research administration.

## **Pass-through entity**

Non-federal entity that provides a federal award to a subrecipient to carry out a federal program; sometimes referred to as the "prime" or "lead" organization.

## **Sponsored award**

Funding arrangement in which the University is providing a return benefit to, or agrees to provide a defined deliverable or complete a set of activities for, the sponsor in exchange for the funds, regardless of whether the funding instrument is designated a contract, cooperative agreement, grant, consortium agreement, or otherwise.

## **Subaward**

Enforceable agreement, issued under a prime sponsored project, between a pass-through entity and a subrecipient for the performance of a substantive portion of the program; these terms do NOT apply to the procurement of goods or services from a contractor (vendor). (See Subrecipient vs. Contractor Guidance under "Related Policies" above).

## **Subrecipient (subcontractor or subawardee)**

Organization eligible to receive a financial award. A subrecipient's performance is measured against

whether the objectives of the sponsored program are met; subrecipients have responsibility for programmatic decision-making and for adherence to applicable program compliance responsibilities. Subrecipients are responsible for performing a substantive portion of the program, as opposed to providing goods and services.

## **Uniform Guidance**

OMB publication entitled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR 200).

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## **Revision History**

- July 2012 – Initial effective date of policy
- December 2014 – Updated references to the Uniform Guidance and the Subrecipient vs. Contractor (Vendor) guidance
- December 2015 – Reflects significant revision of policy, specifically relating to the review and monitoring of subrecipient organizations and review of specific subawards
- March 2017 – Revised to provide clarification of policy, specifically relating to the review and monitoring of subrecipient organizations and deletion of the procedures section, which is included in a separate document.
- March 2018 – Revised to reflect changes to policy for a new assessment database and minor changes to our business process. Added Exception language. Revised to reflect name change of HMS SPA office to ORA.
- January 2021 – Updated to reflect new reference numbers and removal of reference numbers for definitions per revisions to Uniform Guidance dated 11/12/2020.
- December 2023 – Updated to reflect Harvard policy addressing the Final Updated Policy Guidance for Subaward/Consortium Written Agreements” ([NOT-OD-23-182. September 15, 2023](#))