

Subrecipient Monitoring Procedures

This procedure outlines the activities involved in implementation of the Policy on Subrecipient Monitoring: University Policy 4009. All faculty, staff and administrators involved in sponsored research activities that include a subaward should follow these procedures.

Pre-Award Subrecipient Review and Negotiating Subagreements

Before executing subagreements, the Office of Sponsored Programs (“OSP”) will perform a review of all potential subrecipients and conduct a risk assessment. This process will take into account the following factors:

- If the subrecipient is debarred or suspended from receiving federal funding – review the excluded parties list system on Visual Compliance
- If the subrecipient is subject to audit under OMB Uniform Guidance Subpart F, review the Federal Audit Clearinghouse (<http://harvester.census.gov/sac/>) to determine if the audit report is up to date and there were no adverse findings
- Size of the subrecipient
- Amount of the subrecipient award
- Award size relative to the subrecipient’s sponsored activity
- Percentage of prime award passed through to subrecipient
- Prior experience with the subrecipient
- Subrecipient location or for-profit status requiring closer oversight
- Award complexity or access to sensitive, classified, or export controlled data

If there is a high level of risk associated with the subrecipient, OSP, in consultation with the Controller, will ensure the appropriate risk mitigation steps are taken and any specific subaward conditions are included in the subagreement.

To be included in a proposal submission, a subrecipient must provide:

- Statement of work
- Budget
- All required representations and certifications
- Letter of commitment from an authorized official at the subrecipient organization
- Completed Subrecipient Commitment Form

The subrecipient should budget Facilities and Administrative (F&A) costs according to the organization’s approved negotiated rate. Mason can only charge F&A on the first \$25,000 of each subagreement during the life of the prime award.

The subrecipient must also provide the information required under the Federal Funding Accountability and Transparency Act (FFATA) so that OSP can comply with FFATA reporting requirements. This information includes: the location of performance, DUNS number, congressional district, and the names and total compensation of their five most highly compensated officers.

All Subagreements shall include the following:

- Details about the prime funding source, including for federal awards: Catalog of Federal Domestic Assistance (CFDA) title and number, award name, award date, award number and prime sponsor name
- All applicable provisions from the prime award
- Specific conditions that address risk mitigation strategies identified during the review process
- Requirements that those subrecipients subject to OMB Uniform Guidance Subpart F comply with all requirements and disclose any audit findings and corrective action plans related to their Mason subaward
- Financial and reporting terms and conditions including a requirement for the subrecipient's fiscal agent to certify invoices
- Requirement to allow access to financial and technical records, as needed
- Appropriate terms and conditions concerning closeout of the subagreement

OSP will work closely with the Principal Investigator (“PI”) during the subagreement negotiation process to ensure reporting requirements and applicable terms are acceptable to the funding agency.

Post Award Subrecipient Monitoring

The PI is responsible for tracking and monitoring programmatic progress of the subrecipient to ensure the efforts outlined in the subagreement scope of work and program goals are being met and reimbursements are made in relation to programmatic progress. Program reports can be requested as needed by the PI and should supplement informal communications. If there are specific deliverables or reporting requirements, the PI and OSP contracting staff should include these in the subagreement. The PI is responsible for verifying that all charges included in the subrecipient's certified invoices comply with OMB Cost Principles and should not approve invoices if appropriate programmatic progress has not been made.

All subrecipient invoices should include:

- Project Name
- Mason Encumbrance Number
- Approved Budget
- Current Period Expenditures
- Total Expenditures to Date
- Remaining Balance
- Fiscal Agent Certification

Both OSP and the PI perform a review of all subrecipient invoices prior to approval and payment. The process for invoice submission and approval is described below:

1. After a subagreement is fully executed, an encumbrance number is established in the Banner Financial System.
2. Subrecipient invoices are submitted in the approved format directly to the Mason Accounts Payable (AP) department.

3. The Fiscal Technician in AP will initiate the review routing process by sending the subrecipient invoice via email to OSPSUBS@gmu.edu.
4. OSP reviews the invoice to verify expenses were incurred during the period of performance of the subagreement, there is an available balance to cover the invoice amount, and the correct encumbrance number is being used on the invoice.
5. Once approved, OSP will send an email, with the subagreement invoice attached, to the PI, applicable Department Administrator, and copy the AP requesting approval.
6. The PI and Department Administrator will then review the invoice and send their approval to AP with a copy to OSP via email stating the invoice is approved for payment. If an approval cannot be made or there are issues with the invoice, the PI or Department Administrator should inform OSP and AP so appropriate follow-up and action can be taken with the subrecipient.
7. Once an invoice is approved by OSP and PI, AP will process it for payment. Per State regulations, payments must be made within 30 days of AP's receipt of the invoice. It is critical that review and approval happen as soon as possible to avoid penalties.
8. Once approval is received, OSP will review payment to ensure that the invoice is charged against the proper encumbrance number, fund and account code. If payment is not charged correctly, a journal voucher must be done to correct and the encumbrance must also be adjusted.

Annual Subrecipient Monitoring and Record Retention

OSP will perform an annual review of active subagreements to identify high risk subrecipients, to ensure appropriate progress is being made, and risk mitigation strategies are working effectively. In cases where there appears to be potential risk, OSP will coordinate efforts with the PI to address concerns. If necessary, the Controller will be consulted to redefine the risk mitigation strategy. OSP will send an annual certification letter to all subrecipients receiving federal funding during the prior fiscal year. See below for the language included in the letter:

Your institution has been established as a sub-recipient of federal funds through George Mason University. Pursuant to the agreement, please provide the following information related to your compliance with OMB Uniform Guidance Subpart F. Please check the appropriate section below and provide any required documents:

1. *___ We have not yet completed our OMB audit for fiscal year _____. We expect the audit(s) to be completed on _____. Upon completion we will advise you of the results.*
2. *___ We have completed our OMB audit for fiscal year _____. The audit presented no material weakness, no material instances of noncompliance, and no findings related to any sub-award(s) from George Mason University. Accordingly, we are not enclosing a copy of the audit report.*
3. *___ We have completed our OMB audit for fiscal year _____. Material weakness, material instances of noncompliance, or findings related to any sub-award(s) from George Mason University were noted. Accordingly, we are enclosing a copy of the audit report. Relevant*

findings, our responses and corrective action plan are addressed on page(s)

_____.

4. ___ *We are not subject to the requirement of OMB Uniform Guidance Subpart F because we:*

___ *are a for-profit organization.*

___ *are a foreign (non-U.S.) entity.*

___ *receive less than \$750,000 in total federal support.*

If your institution falls into one of the categories in #4, please enclose:

___ *An audited financial statement*

___ *Independent auditor's management letter*

___ *Other (explain) _____*

Upon receipt of an unfavorable audit report from a subrecipient, Mason will follow-up to ensure the appropriate corrective actions have been taken.