

# Subrecipient Monitoring and Audit Best Practices

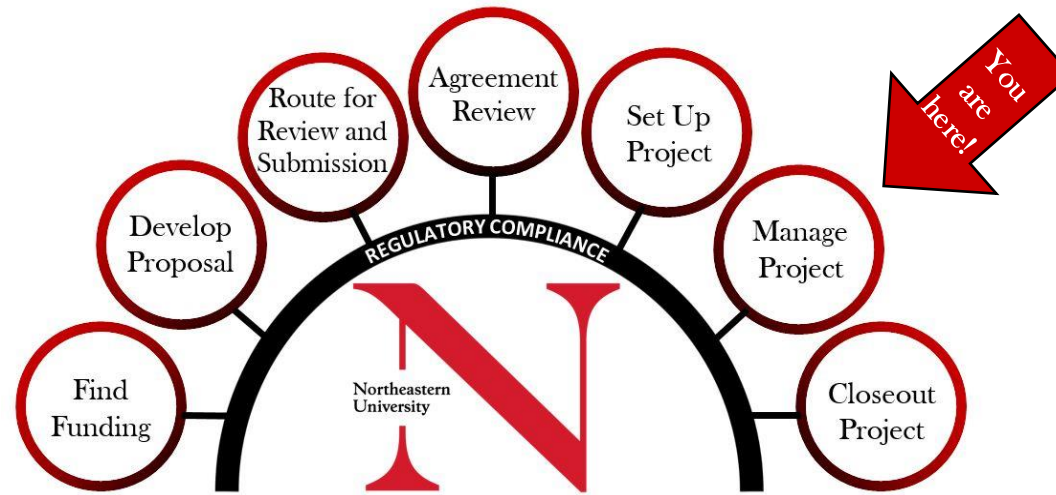


**Northeastern  
University**

# Objectives

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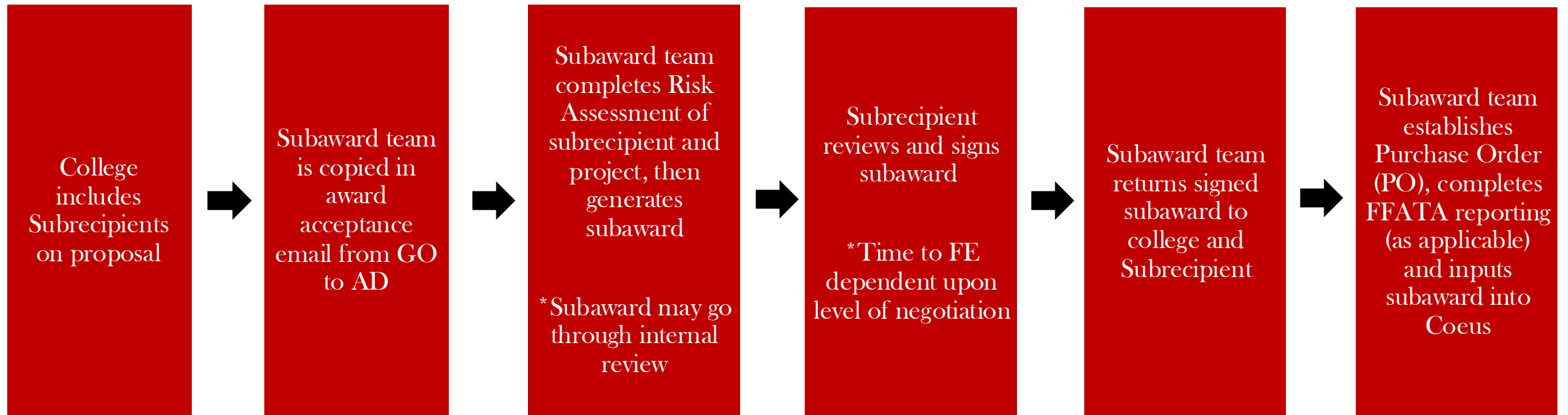
- Overview of outgoing subaward issuance process
- Overview of subrecipient invoice process & approvals
- Roles and responsibilities around subrecipient risk assessment and monitoring



# Subaward Issuance

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A **subaward agreement** is a formal written contract made between NU and another institution or organization to perform an intellectually significant portion of NU's SOW (Statement of Work) under a NU sponsored project.



# Initiating Subawards

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- An eCLAWs record will be created for subaward, accessible to the college administrators and NU PI
- If an updated budget or Scope of Work is needed, Subaward team will request these from College Administrator and PI
- Subawards Team asks PI and department for compliance details of the subrecipient's scope of work (human subjects research, vertebrate animals, human subjects data exchange, biological/chemical material transfer)
- Subaward team performs **Risk Assessment** and issues subawards to subrecipient organizations

**Exceptions:** College initiated subawards include: subawards not named at time of proposal and/or programmatic changes (PI change, budget changes etc.) – college admins should create an eCLAWs record for these instances

# Risk Assessment

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Subaward team evaluates each subrecipient entity and each subaward, irrespective of funding agency

## Subrecipient Entity Assessment

- Performed annually;
- Review subrecipient's single audit for compliance with financial regulations;
- Check publicly available resources to determine if subrecipient has had any documented compliance or performance issues;
- Focuses on determining if subrecipient will be good steward for funds

## Project Assessment

### **NEW SUBAWARDS**

- Look at project specifics to determine project risk
- Examples of high risk may include:
  - Ratio of outgoing funding vs award budget
  - Type of work, such as a clinical trial

### **RENEWALS**

- The PI must affirm if the subrecipient is performing satisfactorily
- College should also look for any red flags, such as lack of invoicing
- PI and College should discuss issues with Subaward team



# Subrecipient Monitoring

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- Risk assessments are just the start
- Continual monitoring throughout the life of the subaward is key
  - PI monitors technical reports and data
    - If sponsor is NIH and sub is foreign, PI is responsible for accessing sub's data at least once annually and confirming access to **all sub data**
  - PI, Department and NU-RES monitors invoices and financial reports
  - Department and PI approve invoices based on sub's technical work to date
- High risk subrecipients require more oversight:
  - Must provide full financial back-up for invoiced costs
  - May be subject to desk audits and/or site visits
  - These terms are baked into the subaward agreement

# Subaward Process

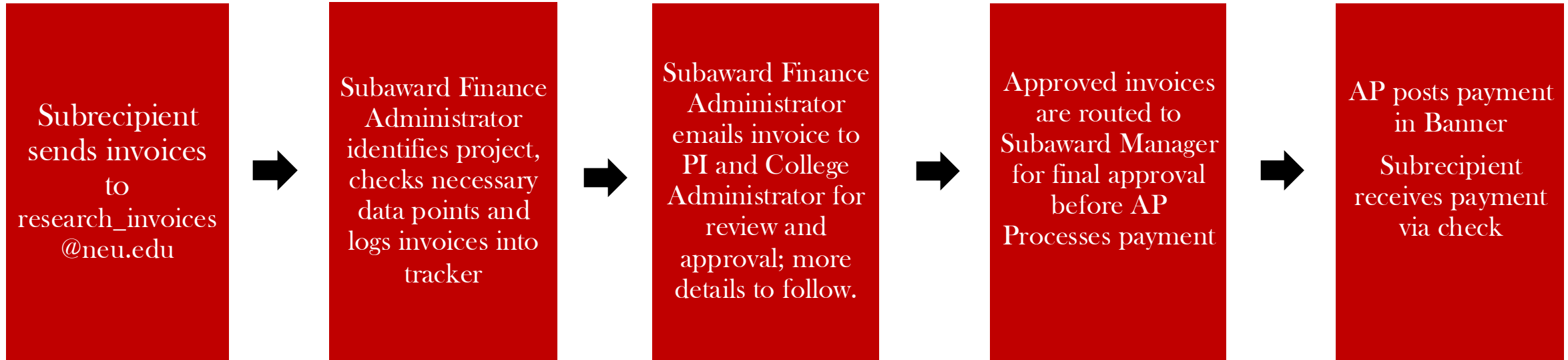
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- Depending on the funding agency, any additions of or changes to Subrecipients may require prior approval
- Once a subaward is fully executed, we will create a Coeus record and submit a requisition which needs to be processed and approved by Procurement first before the purchase order is issued. It will show in Banner when it is complete and Subrecipients can invoice NU for expenses on their project.
- The PO will appear in Banner when it is approved and complete.

* GRANT INCEPTION TO DATE							
Account	Type	Description	Adjusted Budget	Activity	Commitments	Available Balance	
78050	E	Res Sub-Contract 1	174,999.00		0.00	174,999.00	0.00
78051	E	Res Sub-Contract 2	99,996.00		0.00	0.00	99,996.00
78052	E	Res Sub-Contract 3	100,000.00		0.00	100,000.00	0.00
78053	E	Res Sub-Contract 4	575,021.00		0.00	575,021.00	0.00
78054	E	Res Sub-Contract 5	175,000.00		0.00	175,000.00	0.00
78055	E	Res Sub-Contract 6	99,986.00		0.00	99,986.00	0.00
78056	E	Res Sub-Contract 7	100,000.00		0.00	100,000.00	0.00
78057	E	Res Sub-Contract 8	125,000.00		0.00	125,000.00	0.00
78058	E	Res Sub-Contract 9	250,000.00		0.00	250,000.00	0.00
78059	E	Res Sub-Contract 10	200,000.00		0.00	200,000.00	0.00

# Subaward Invoice Process

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**Closeout:** Before confirming subaward expenses for the FFR, please contact [research\\_invoices@northeastern.edu](mailto:research_invoices@northeastern.edu) to request confirmation that the **final invoice** has been received. We contact subrecipients to request final invoices and could potentially be in communication with them about an invoice.

It is imperative to have **final invoices** from subrecipients submitted on time to be able to include them in our FFRs to the sponsor and have an accurate amount on NU's final invoice to the sponsor or the LOC draw amount.



# Subaward Invoice Review

We attach the Invoice Review Quick Guide to each invoice that we send out to PI/College Administrators for review. The table below outlines responsibilities.

PI and College Administrator Review	NU-RES Review
1. Ensure the invoice in front of you totals correctly.	1. Review the general demographic information on the invoice. Ensure key business information is consistent with subaward on file, such as: PI name, subaward number, invoice date, remittance details, and invoice number.
2. Ensure the expenses are allowable per the subaward and the subaward budget.	2. The subrecipient's institutional official signature and the 2 CFR 200.415 statement must be on all invoices related to federally funded sponsored projects.
3. Ensure that the subrecipient's expenditures are consistent with the subaward budget. If backup documentation is provided, ensure expenses are consistent with invoice.	3. Ensure the cumulative expenses do not exceed the total approved subaward budget.
	4. Ensure the approval from PI matches invoice attached.
4. PI should confirm subrecipient's work is as expected and expenses align with the subrecipient's work to date.	5. Ensure billing period is correct and is not duplicated from a previous invoice and invoices received are in chronological order.



# PI and College Administrator Review

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BEFORE approving invoices for payment, please ensure that the following points are thoroughly reviewed:

1. Please ensure that the charges are **valid and total** correctly. If you see an incorrect expense or need clarification, please reach out to us and we can contact the subrecipients on your behalf for further details.
2. Please ensure that the expenses are **allowable per the subaward and subaward budget**. If you have any questions or are unsure about this, please reach out to your department administrator who can assist you in ensuring that the expenditures are allowable and in alignment with the subaward budget.
3. Please ensure that the subrecipients' expenditures are **consistent with the subaward budget**. If supporting documentation is included with the invoice, please review and ensure that the expenses are consistent with the expenses charged.
4. By approving invoices, you are confirming that the subrecipients' work is as expected and that the **expenses charged align with the subrecipients' work to date**.

**Principle Investigators** – We are only able to review and confirm the general demographic information on the invoice, you are responsible for your subawards and confirming that the costs are correct and align with the terms of the agreement. Auditors ask for PI approval proof with invoices so it is important invoices are properly reviewed prior to approving.

# Subaward Invoice Process/Review – General Info

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- All subaward invoices are added to the [Subaward Invoice Tracker.xlsx](#). If it is highlighted red, this means that the invoice cannot be processed/paid as we are either waiting on additional information OR there is an outstanding query with the invoice.
- Northeastern University is required to pay sub-award invoices **within 30 days of receipt** according to Uniform Guidance Policy (OMB 2 CFR 200), therefore if the PI has not approved the invoice, we will follow up and request your assistance in obtaining approval. If you are aware of a reason as to why an invoice cannot be approved, please let us know so that we can make the necessary updates to the tracking log.
- Even though an invoice is approved by a PI, there may be instances where we ask the subrecipients to make changes to the invoice or provide additional backup documentation. Once we have the requested information, the invoice & supporting documents will be resubmitted to PI/College Admin for additional review and approval.
- When reviewing an invoice, if there are any items which are not accurate or you need further information about the costs invoiced, please let us know what is needed BEFORE approving and we will contact the subrecipients to clarify.
- If Subrecipient is cost sharing, they should submit either separate cost share reports with each invoice or reflect the cost share amounts (current and cumulative) on the invoices submitted.

# NSF OIG Audit (Ongoing\*)

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The National Science Foundation (NSF) Office of Inspector General (OIG) contracted with Sikich CPA LLC to conduct an audit of NSF awards issued to Northeastern University.

*\*Audit has been underway since September 2023. As of 6/1/2024, NURES Finance is still working with auditors to collect final supporting documents from the subrecipients.*

## **Audit objectives:**

- 25 grant selections
- Review of Northeastern's compliance with requirements for overseeing subawards, including but not limited to, NSF and federal requirements related to subaward risk assessments, indirect costs, and subaward monitoring.
- Determine if subrecipient costs claimed are supported, allowable, allocable, reasonable and in conformity with NSF award terms and conditions.

# NSF OIG Audit – Progress Reports

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## **Auditor request to NU:**

According to "Attachment 4: Reporting and Prior Approval Terms" of the subaward agreements, it notes the requirement of a variety of technical reports that must be submitted by the subrecipients. As such, please provide the applicable reports noted below for all 25 sampled transactions/subrecipients.

1. Annual Technical/Progress Reports: Due within 60 Days prior to the end of the budget period.
2. Final Technical/Progress Reports: Due within 60 Days to the end of the project period or after the termination of the award.

## **Concerns:**

- Not all PIs received written progress reports from their subrecipients.
- A couple of PIs left NU (or PI had changed) and NU department did not have copies of reports.

## **PI/Dept actions to consider:**

- In lieu of formal progress reports, how else can PIs show they are monitoring their sites proactively?
- PIs were asked to provide posters, papers, meeting agendas, etc. to show that subrecipient monitoring has taken place. However, at this time, this other type of documentation has been provided to audit team, but we are unsure if it will be accepted.

# NSF OIG Audit – General Ledger

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## **Auditor request to each subrecipient:**

1. Download of general ledger, subledger, modules and/or subsystems (ex: A/P, Payroll) transaction-level detail for cumulative costs claimed on the invoice selection.
2. Reconciliation of the general ledger data provided in Item #1 to the invoice submitted to Northeastern.
3. Crosswalk of expenditure accounts to budget categories identified on the invoice (e.g., salaries, equipment, participant support, subawards, etc.).

## **Concerns:**

- GL support differed from subs' invoices. Variances in cumulative costs were identified for several subrecipients.
- GL variances with fringe, indirect costs, 3<sup>rd</sup> tier subs, etc.
- Some sites did not have system-generated GL reports (small non-profits, foreign sites, etc.). Manual reports had to be prepared.
- A couple of sites did not respond to our request for backup (escalations underway).

## **PI/Dept actions to consider:**

- Remind your sub-PIs that the work they are performing is part of a federal project. Terms and conditions of their sub-agreements speak to audit requirements.
- Notify NU-RES Subaward Team if there are issues with performance/communication with subrecipients.
- Consider adding special sub-monitoring language in your agreement.

# NSF OIG Audit – Expense Documentation

## Salaries & Wages:

- Please provide all policies and procedures that relate to salary and wages.
- Please provide an effort report/timesheet that supports the amount of effort this individual spent on this NSF subaward as well as the name, job title, and role on the project of the individual who certified the effort report/timesheet.
- Please provide a salary agreement for this individual for the employee sampled.
- If this employee is not specifically identified in the subaward budget, please provide a description of the work they performed and why it was related to the grant's purpose.
- Please provide support for how the payroll amount was calculated.
- Please provide support for how the fringe benefit amount was calculated.

## Consultants:

- Please provide all policies and procedures that relate to consultants/professional services.
- Please provide support for the amount of this transaction.
- Please identify the role of the individual/firm who received the consultant/professional service payment, including how their role(s) benefited the project if this was not described in the subaward budget.
- Please provide any documentation available that supports how the expense amount was determined/calculated, including any applicable contracts, scope of work, timesheets or invoices.
- Please confirm whether the consultant was an employee.
- If applicable, please provide documentation to support that these services were competitively bid/sole sourced, appropriately procured, and reviewed/approved by the appropriate personnel.
- Please identify the method utilized to complete this purchase (i.e. Purchase Card, Requisition, Purchase Order, etc.).

## Travel Costs:

- Please provide all policies and procedures that relate to travel.
- Please provide support for the amount of this transaction.
- Please provide a description of the travel taken, including why it was necessary for the purposes of this grant.
- If the traveler was not identified in the subaward budget, please provide a description of the role the traveler played on the grant, as well as a justification for why they were required to travel.
- If applicable, please provide all documentation required by university policy (i.e. Travel Reimbursement Request Form(s), itemized invoice, proof of payment, etc.) if the travel was a reimbursed expense.
- If related to a travel advance, please provide documentation that it was appropriately requested and approved.
- Please indicate if this travel included personal travel or personal expenses. If applicable, please provide documentation of the cost comparison between personal and business expenses.

# The Subaward Team

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Questions?



**Thank You!**

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**LVX**

**VERITAS**

**VIRTUS**