

Office of Sponsored Programs

Procedure 10008 Subrecipient Monitoring and Post-Award Management

Revision Date: May 1, 2025

Table of Contents

1. Introduction1

2. Scope.....2

3. Definitions2

4. Duties and Responsibilities.....2

5. References4

6. Contacts.....4

7. Roles and Responsibilities4

8. Dissemination5

9. Approval and Revisions5

1. Introduction

Responsible Officials: Assistant Vice President for Research and Innovation, Sponsored Programs and Director of Financial Compliance and Integrity

Effective Date: January 1, 2012

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This Subrecipient Monitoring Procedure addresses the requirements to monitor programmatic and financial activities of Virginia Tech’s Subrecipients to assure the proper stewardship of research sponsor funds. This procedure addresses the Principal Investigators’ obligations to monitor Subrecipients’ performance, along with OSP’s responsibilities to mitigate and monitor risk of contracting with Subrecipients under the Uniform Guidance.

The Uniform Guidance (“OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200”), requires prime recipients of federal funds to monitor Subawards and to assure Subrecipients meet the audit requirements in Subpart F and use funds in accordance with applicable laws, regulations, and terms of the award.

This Procedure applies to all Subawards issued under sponsored programs made to Virginia Tech, without regard to the primary source of funding and outlines the roles and responsibilities of OSP, the Principal Investigator and the Subrecipient.

2. Scope

This procedure applies to all university principal investigators, departments, and offices that are involved in the administration, use, or planned implementation of sponsored award agreements having Subawards issued, regardless of the primary source of funding.

3. Definitions

Principal Investigator - the primary individual responsible for the preparation, conduct, and administration of a sponsored project.

Subaward – an award provided by a pass-through entity to a Subrecipient for the Subrecipient to carry out part of a federal or non-federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program, or procurement of routine goods or services. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. The agreement is written under the authority of, and consistent with, the terms and conditions of a prime award. This term is often used interchangeably with the terms subagreement, subgrant, or subcontract.

Subrecipient – refers to an entity that receives a Subaward or subcontract from a pass-through entity to carry out part of a program, and includes all lower tier Subrecipients. It is the legal entity to which a Subaward is made and which is accountable to the Recipient for the use of funds provided. Other terms used for Subrecipient include subawardee, subgrantee, or subcontractor. 2 CFR Part 200.331 provides criteria for distinguishing between a Subrecipient vs contractor (also known as a vendor) relationship.

4. Duties and Responsibilities

As a non-profit recipient of federal funds that expends \$1,000,000 or more per fiscal year, Virginia Tech must assure that its Subrecipients comply with the Uniform Guidance (2 CFR Part 200).

Subrecipient monitoring includes the conduct of a risk assessment and a cost and price analysis prior to Subaward issuance as well as post award monitoring of the Subaward.

Responsibilities for Subrecipient Risk Assessment

- OSP will conduct a Subrecipient risk assessment to determine risk of noncompliance with federal statutes, regulations, and award terms (in accordance with 2 CFR 200.332(c)) prior to issuing a Subaward. The results of the risk assessment will be used to determine any measures (e.g. special reporting or invoicing requirements, additional monitoring procedures, or special terms and conditions) necessary to appropriately address the assessed risk. Subrecipient monitoring plans should be devised and documented as appropriate.
- Subrecipient will provide documentation as needed in order for OSP to conduct the risk assessment.

- Principal Investigator will assist in obtaining documentation from Subrecipient and provide consultation to OSP as needed in case of high risk subrecipients.

Responsibilities for cost and price analysis

- OSP will review each subaward budget as to the acceptability of proposed costs and that the Facilities and Administrative Cost Rates in the budget comply with an approved federal rate agreement; otherwise, the de minimis rate allowed by 2 CFR Part 200.414 should be used. Fringe Rates should be confirmed to an approved federal Fringe Rate Agreement or the proposed Subrecipient should provide supporting calculations for how the rates were developed in the event a rate agreement is not be available (see 2 CFR Part 200.431). Labor rates and all other costs should be reviewed for reasonableness given the region and industry, and supporting documentation requested, if necessary.
- Principal Investigator (with assistance from departmental administrators) will review the budget and certify that costs are reasonable and necessary for the project prior to Subaward issuance.
- Subrecipient will provide documentation as needed in order for OSP to conduct this analysis.

Responsibilities for Post Award Monitoring

The frequency and timing of monitoring procedures should be determined based on the frequency and timing of Subrecipient invoices and deliverables, but no less frequently than annually. Virginia Tech uses a risk-based approach to determine the scope of Subrecipient monitoring, focusing more frequent and/or in-depth monitoring efforts on those Subrecipients who are deemed to pose a greater risk for potential non-compliance.

- Principal Investigators (with assistance from departmental administrators) will be primarily responsible for monitoring Subrecipients' deliverable performance and timely progress, reviewing Subrecipient invoices, and following up with the Subrecipient on questionable expenditures and/or performance issues, if necessary, before authorizing Subrecipient invoices for payment. The Principal Investigator will perform an expense-to-budget comparison for cost-reimbursement Subawards.

Principal Investigators will review the invoice before payment authorization to assure:

- Expenses are reasonable and necessary to advance the work under the Subaward.
- Cumulative expenses are in alignment with the amount of work completed.
- Technical requirements (reports and/or deliverables) of the statement of work assigned to Subrecipient are in compliance with the Subaward.

The Principal Investigator will also review technical performance reports or other specified deliverables on a timely basis. In the event of unresolved technical noncompliance, the Principal Investigator will notify the designated Post Award Associate for further action.

Principal Investigators may, at their discretion, conduct on-site visits, as allowed under the terms of the Subaward, to evaluate compliance with the project's scientific objectives.

- The Subrecipient will be primarily responsible for assuring compliance with federal regulations and award performance and progress.
- OSP will receive all Subrecipient invoices and conduct a detailed review. OSP will request clarification of invoiced charges from the Subrecipient that appear unusual, excessive, or otherwise questionable. If the Subaward terms permit, OSP may request detailed justification to verify the allowability of the cost. All documentation of invoice review should be stored in the OSP award file. OSP also provides guidance in interpreting regulations and Subaward terms and conditions to Principal Investigators and Subrecipients. Should the terms and/or conditions in the Subaward be violated, and/or not met, standard cure and termination provisions in the Subaward will be utilized, as necessary.

An OSP representative may, at their discretion, conduct desk audits or on-site visits, as allowed under the terms of the Subaward, to evaluate compliance with the Subaward terms and conditions, appropriateness of the Subrecipient's administrative systems, processes, and charges. Audits of Subrecipients may be performed by the OSP Financial Compliance Team on a discretionary basis in order to resolve questionable costs or other noncompliance issues.

OSP will verify that every Subrecipient, who expended \$1,000,000 or more in Federal awards during the fiscal year completes a single or program-specific audit in accordance with 2 CFR 200, Subpart F – Audit Requirements.

5. References

- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- [Federal Audit Clearinghouse](#)
- Subaward Process Manual

6. Contacts

- Director of Financial Compliance and Integrity 540-231-0950
- Director of Contracts and Agreements 540-231-1216
- Assistant Vice President for Research and Innovation, Sponsored Programs 540-231-5281

7. Roles and Responsibilities

- **Principal Investigators:** have the primary responsibility of monitoring Subrecipients' timely progress on reports and other deliverables, and assuring compliance with federal regulations and both prime and subaward terms and conditions.

- **Department Administrator/Business Support Center:** serve in a support role to the PI's in discharging their subaward oversight responsibilities and serve as a liaison to OSP.
- **Office of Sponsored Programs (OSP):** conducts the risk assessment and cost and price analysis prior to issuing a subaward and establishes special monitoring mechanisms or conditions for the subaward as appropriate. OSP obtains PI approval of Subrecipient invoices prior to payment and obtains all subaward close-out documentation.

8. Dissemination

This procedure may be posted on a Virginia Tech internet accessible site. Open public dissemination of this procedure is allowable.

9. Approval and Revisions

This procedure was approved originally on August 31, 2011 by the Vice President for Research. It became effective January 1, 2012. At that point all newly created as well as existing membership fee programs were to be in compliance.

Revision approved by Assistant Vice President for Sponsored Programs on January 5, 2016. This major revision updates the formatting of the procedure, brings the procedure into compliance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and other minor edits for title changes and clarity.

Revision approved by Associate Vice President for Research and Innovation, Sponsored Programs on February 17, 2021. This update is for Uniform Guidance sections numbers.

Revision approved by Assistant Vice President for Research and Innovation, Sponsored Programs on May 1, 2025. This major revision updates the risk assessment procedure and the formatting for clarity.