

**Arkansas State University  
Sponsored Programs Accounting  
Subrecipient Monitoring Procedure**

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**Purpose**

The purpose of this procedure is to define the practices that should be utilized in monitoring subawards issued by Arkansas State University (A-State) to other entities.

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**General Guidelines**

The Office of Sponsored Programs Accounting (SPA) provides post-award financial monitoring of awards to subrecipients. A-State has an obligation to the prime sponsor of an agreement to ensure proper stewardship of external funding and achievement of performance objectives. When the University assigns a portion of a sponsored project to a subrecipient, primary responsibility for management of the project rests with A-State.

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**Applicable Federal Regulations**

Federal regulations for subrecipient monitoring are contained in 2 CFR 200.

These regulations are required to be applied to all federal subawards; however, these principles should also be applied to other subawards in an effort to maintain consistency and provide oversight for non-federal funds.

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**Post-Award Financial Monitoring Procedures**

Research and Technology Transfer (RTT) will provide SPA with the completed subagreement after signatures have been obtained and terms negotiated. An accountant in SPA is assigned oversight for all subaward agreements; this individual is responsible for working with RTT to ensure that all necessary information has been included. The accountant will check the Excluded Parties List System for any debarred parties, and then set up an internal record to maintain the award information, including the award period and available budget.

Invoices from subaward recipients should be submitted directly to SPA and should include the information requested in the award document. In addition, the invoice should contain a statement certifying that costs are in compliance with 2 CFR 200, and/or sponsor requirements. The responsible accountant should examine the invoice for allowability and availability of funds. If the invoice is acceptable, a copy of the invoice will be filed in the subaward folder in SPA and the electronic subrecipient record will be updated. The accountant will forward the invoice to the PI and his/her

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academic department for processing. The PI should examine the invoice for any factors that would necessitate further examination or refusal of payment, such as unallowable, unusual, or excessive costs. A requisition for payment is initiated by the academic department for invoices that have been determined to be allowable; acceptance of the principal investigator (PI) and department supervisor will be noted in the electronic approval queue. If an invoice is believed to be unallowable, the PI should contact SPA immediately to determine any actions necessary. Under no circumstances should invoices be held without cause, as this violates A-STATE's responsibility to provide prompt payment for services rendered. The SPA accountant will approve requisitions for payment of invoices based on the initial review and any other information that may arise during the PI review process.

The PI is responsible for monitoring subrecipient scientific or technical reports for evidence of progress in the project and notifying the department and SPA of any deficiencies that may necessitate revision of the subaward relationship. It is assumed that regular contact with the subrecipient will be maintained by the PI. Any modifications necessary to subawards should be issued by RTT as the contracting authority for sponsored projects.

On an annual basis, SPA will issue an Single Audit compliance confirmation to each subaward recipient. Additional follow up may be necessary based on the response to the compliance confirmation. In some situations, a corrective action plan or refund may be required if a subrecipient receives an Single Audit finding related to the subagreement. Subrecipients not subject to Single Audits may be asked to provide copies of audited financial statements, certification of costs, or other documentation as deemed necessary for assessing compliance.