

# Subrecipient Monitoring Procedure and Guidelines

This procedure establishes Chapman University's requirements for monitoring subrecipients under sponsored projects. It describes the University's risk-based approach to assessing subrecipient risk, issuing subawards, reviewing costs, monitoring financial and programmatic performance, addressing compliance concerns, documenting oversight activities, and retaining records needed to demonstrate effective monitoring throughout the life of the subaward.

As a pass-through entity, Chapman University monitors subawards in accordance with applicable sponsor requirements and 2 CFR Part 200, including the Uniform Guidance provisions governing subrecipient monitoring, internal controls, and audit requirements.

## 2. Scope

This procedure applies to all Chapman University Principal Investigators, departments, and administrative units involved in establishing, administering, or monitoring subawards issued under sponsored projects, regardless of funding source.

## 3. Definitions

**Principal Investigator (PI)** – The individual with primary responsibility for the scientific and technical direction of the sponsored project and for overseeing subrecipient performance under the subaward.

**Subaward** – A written agreement issued by Chapman University to a subrecipient to carry out a portion of a sponsored project. A subaward does not include payments to a contractor for routine goods or services.

**Subrecipient** – An entity that receives a subaward from Chapman University to carry out part of a sponsored project and is accountable for the proper use of funds and compliance with applicable programmatic, financial, and reporting requirements.

Chapman University will distinguish subrecipients from contractors in accordance with applicable Uniform Guidance criteria and will issue the appropriate agreement based on the nature of the relationship.

## 4. Procedure and Guidelines

Chapman University applies a risk-based approach to subrecipient monitoring. Oversight begins before a subaward is issued and continues through closeout. Monitoring activities are tailored to the level of risk, complexity of work, sponsor requirements, subrecipient performance history, and the subrecipient's compliance environment.

## 4.1 Pre-Subaward Monitoring

### 4.1.1 Risk Assessment

SPS will complete and document a risk assessment prior to issuing a new subaward or an amendment that includes additional funding, in accordance with applicable sponsor and regulatory requirements.

For subrecipients under federal awards, SPS will perform and document an updated risk assessment annually, including review of the subrecipient's most recent audit report and evaluation of any findings relevant to the subaward.

The risk assessment will consider factors such as the subrecipient's prior performance, audit history, financial stability, experience with similar awards, complexity of the work, eligibility to receive funding (if applicable), and results of prior monitoring activities.

Based on the level of risk identified, SPS will determine whether enhanced monitoring or specific award conditions are required. These may include, but are not limited to, more detailed invoice support, increased reporting frequency, prior approvals, or other risk mitigation measures.

Subrecipients are required to provide all information and documentation necessary to support Chapman University's risk assessment and subaward issuance process.

### 4.1.2 Budget Review

SPS will review the proposed subaward budget for allowability, allocability, reasonableness, and consistency with the scope of work and applicable sponsor requirements. SPS will also verify F&A and fringe benefit rates, as applicable.

The PI, with departmental administrative support as applicable, will review the proposed budget and confirm that requested costs are necessary to perform the subaward scope of work.

The subrecipient must provide budget detail and supporting documentation requested by SPS to complete its review.

## 4.2 Post-Award Monitoring

After a subaward is issued, the PI is responsible for ongoing programmatic oversight, and the PI and SPS share responsibility for institutional financial and compliance monitoring. Level of monitoring activities will depend on the risk, complexity, sponsor requirements, and performance history and will continue throughout the life of the subaward. Reviews, approvals, identified concerns, and follow-up actions must be documented and maintained in accordance with university recordkeeping requirements.

The PI, with departmental administrative support as applicable, is primarily responsible for monitoring programmatic progress, reviewing technical reports and other deliverables, and evaluating whether invoiced costs reasonably align with the work performed before approving invoices for payment. The review should be documented in a manner that demonstrates the basis for approval.

At a minimum, invoice review should confirm the following:

- The charges are reasonable, allowable, allocable, and necessary to support the subaward work.
- Cumulative expenditures are consistent with progress achieved and, where applicable, remain within the approved budget.
- Required technical reports, deliverables, and other performance expectations are being met in accordance with the subaward.

The PI will review technical reports and other required deliverables on a timely basis and maintain record of receipt. The PI will notify SPS promptly if performance issues, late deliverables, unsupported costs, budget variances, or other compliance concerns are identified and cannot be resolved directly with the subrecipient. Significant concerns and related follow-up actions should be documented in the subaward file.

The subrecipient is responsible for complying with all applicable laws, regulations, and subaward terms and for submitting required invoices, reports, and deliverables in a timely manner.

All documentation supporting subrecipient monitoring must be maintained, as applicable, in the official subaward record. The PI is responsible for retaining subrecipient-provided reports, such as progress and technical reports. Records must be maintained in accordance with university policies, sponsor requirements, and applicable record retention regulations.

### 4.3 Closeout

Before closing a subaward, SPS and the PI will confirm that all required financial closeout materials, including final invoices and cost sharing documentation (as applicable), have been received, reviewed, and resolved. Additionally, the PI is responsible for ensuring that all required deliverables and reports have been received, reviewed, and approved. All outstanding financial, programmatic, or compliance issues must be resolved and documented prior to final closeout.

## 5. References

2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

## 6. Roles and Responsibilities

**Principal Investigator (PI):** Provides programmatic oversight of the subrecipient's work, reviews deliverables and invoices, documents the basis for programmatic and invoice approvals as applicable, and escalates issues to SPS when needed.

**Department Administrator:** Supports the PI with administrative coordination, documentation, invoice routing, record organization, and communication related to subaward oversight.

**Sponsored Projects Services (SPS):** Determines the appropriate agreement type, performs and documents risk assessment and institutional monitoring, establishes enhanced monitoring when needed, reviews invoices for compliance, maintains institutional monitoring records, tracks follow-up on identified concerns, and coordinates response to noncompliance.

**Subrecipient:** Performs the subaward scope of work, maintains appropriate financial and administrative records, submits required invoices and reports in a timely manner, cooperates with monitoring requests, and complies with all applicable subaward terms and conditions.