

## **Northeastern University Subrecipient Monitoring Guide for Principal Investigators and Department Administrators**

Externally funded projects in support of research and other sponsored activities often involve collaborations with subrecipients. Subrecipients are external entities who are accountable to Northeastern University (NU) for the use of funds provided to the subrecipient by NU to carry out a portion of the scope of work under a sponsored project led by NU as a pass-through entity.

A pass-through entity (PTE) is a recipient of external funds in support of research and other sponsored activities that passes a portion of the sponsored scope and funds through to an external subrecipient collaborator on the project. PTEs are often referred to as “prime” awardees, but PTE applies to all award recipients at any tier that passes funds/effort to subrecipients.

Under the Uniform Guidance requirements for PTEs, NU is responsible for monitoring the programmatic, technical and financial activities of its subrecipients to ensure proper stewardship of sponsored funds. Subrecipient monitoring is a term used to describe the various processes and steps taken to comply with Uniform Guidance requirements. While the federal government requires NU to perform subrecipient monitoring on all subrecipients of federal funds under NU awards, NU performs subrecipient monitoring of all subagreements issued by NU, including both subawards issued under grants and cooperative agreements and subcontracts issued under contracts, regardless of the primary source of funding.

This guide provides an overview of subrecipient monitoring requirements, the processes and personnel who contribute to subrecipient monitoring at NU, and the tools and processes used to comply with the requirements.

### **What is Subrecipient Monitoring?**

Subrecipient monitoring includes activities undertaken by NU during the life of the subagreement to ensure that the subrecipient is performing its scope of work and financial spending/invoicing activities satisfactorily and in compliance with regulatory, subagreement and prime award requirements.

As the PTE, NU must monitor the activities of subrecipients as necessary to ensure:

- funding is used for authorized purposes,
- the subrecipient is in compliance with Federal statutes and regulations,



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- the subrecipient follows the terms and conditions of the subagreement, and
- subagreement performance goals are achieved

### Why does NU have to monitor subrecipients?

Uniform Guidance [2 CFR 200 Subpart D §200.331](#) requires PTEs to:

- Evaluate each subrecipient's risk of noncompliance to determine the appropriate level of monitoring, taking the following factors into consideration:
  - The subrecipient's prior experience with the same or similar subawards;
  - The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F of 2 CFR 200 and the extent to which the same or similar subawards have been audited as a major program;
  - Whether the subrecipient has new personnel or new or substantially changed systems; and
  - The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).
- Issue subagreements containing terms and conditions that meet the needs and requirements of the Uniform Guidance, prime award, and NU Principal Investigator and appropriately address/mitigate risks identified in the subrecipient evaluation referenced above
- Monitor the activities of the subrecipient as appropriate, which includes:
  - Reviewing financial and performance reports from the subrecipient to ensure satisfactory management and progress
  - Review and approve subrecipient invoices prior to payment to confirm that all activities and charges are appropriate, reasonable and conform to the subrecipient's awarded scope and budget
  - Identify and address actions needed of the subrecipient to correct deficiencies
  - Issuing management decision for audit findings pertaining to the subagreement
- Report any concerns or deficiencies with subrecipient reports, invoices or performance to the NU subawards team at [nures\\_contacts@northeastern.edu](mailto:nures_contacts@northeastern.edu) for review and appropriate escalation



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As a recipient of sponsored funds, NU has a responsibility to demonstrate diligence and good stewardship. Failure to appropriately monitor subrecipient compliance could result in:

- Negative audit findings
- Loss of existing awards
- Loss of future awards
- Loss of funds
- Damage to reputation of Principal Investigator and University

**Who is responsible for subrecipient monitoring?**

Subrecipient monitoring, like most sponsored award administration activities, is a shared responsibility and joint effort among NU-RES award and financial administrators, college/departmental staff, and Principal Investigators.

Subrecipient monitoring duties for each role include:

- **NU Principal Investigator (PI)- holds primary responsibility for the oversight and performance of awards for which they serve as the PI;** receive and review subrecipient reports and deliverables, ensure that any inputs necessary from subrecipients in order for NU to comply with award requirements are properly received, review subrecipient invoices to ensure accuracy, reasonableness and compliance with budget/scope/spend plan and applicable award requirements, report any concerns regarding subrecipient performance to NU subawards team
- **NU Department Administrators-** provide necessary support/assistance to PIs in their above-outlined responsibilities, coordinate with PI to review and approve subrecipient invoices and financial reports for reasonableness, accuracy and compliance with subrecipient and prime award budget/scope/ spend plan, submit sub-related change requests, help support and facilitate subaward-related communications between PIs and NU-RES to ensure any concerns or changes are timely addressed
- **NU-RES Subawards Team-** Performs risk assessments, ensure all subawards are supported by appropriate documentation and any necessary approvals, drafts and negotiates subaward agreements and modifications, collect signatures and distribute executed documents to stakeholders, and receives and uploads subaward invoices into Workday for PI, department and finance reviews and approvals/payment processing

**When does subrecipient monitoring take place?**



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Subrecipient monitoring activities begin at the proposal stage and carry through to closeout for awards that include subrecipients. Below are a few of the steps taken at each phase to ensure compliance with subrecipient monitoring requirements:

- **Proposal Stage- PI, Department Administrator(s), and Proposal Submitter:**
  - Proposed collaborations are reviewed to determine whether they are most appropriately classified as subrecipients (Co-Is) or vendor (contractors)
  - Appropriate Letters of Intent, price quote/budget and budget justification and scope of work received from each proposed subaward
  - Subaward cost proposals/supporting documents (indirect rate agreements, etc.) are reviewed for reasonableness, allowability and allocability
- **Award Stage- PI, Grant/Contract Team, Department Administrators:**
  - Grants or Contracts Officer (GO/CO) reviews the award terms and budget to determine whether subrecipients are included and- if yes- if each subaward is awarded as proposed. If changes were made to subrecipient entities, budgets or scope the PI is notified and the GO/CO works with the PI/Department Administrator/Sponsor to resolve any questions or concerns relating to subawards
  - GO/CO works with compliance teams (IRB/IACUC/etc.) to ensure any compliance concerns or requirements are resolved or properly noted prior to award finalization; notifies Subawards Team that award is ready for sub issuance
- **Subaward Issuance Stage- Subaward Administrator/PI/Department Administrator(s)**
  - Subaward administrator receives award package and reviews to ensure that all necessary award documentation for each subaward to be awarded is included; reviews subrecipient budget(s) and scope(s) of work to ensure alignment with NU's award
  - Subaward Administrator performs risk assessment by completing applicable RAQ or CAT using subrecipient's FDP Clearinghouse profiles (for participating entities, list found here: <https://fdpclearinghouse.org/organizations>), audit/financial questionnaire, SAM.gov listing, etc. and notifies/works with PI/Dept/NU-RES to address or resolve any concerns
  - Subaward administrator ensures that any applicable compliance reviews/approvals are complete and in the file, works with PI/Department Administrators/NU-RES Compliance Teams to resolve any outstanding concerns and ensure subagreement contains any applicable restrictions



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- **Ongoing Subaward Performance/Invoicing Stage- Subaward Administrator/Subaward Invoice Administrator/PI/Department Administrator(s)**
  - Subaward invoice administrator reviews incoming invoices to ensure that expenditures and performance period align with the applicable subaward budget and any required backup documentation is received with the invoice
  - Subaward invoice administrator uploads subrecipient invoices and any accompanying backup documentation to NU Workday system routes subrecipient invoices to PI and Department Administrator for review and approval prior to payment
    - While departmental and subaward administrators provide support, the NU PI holds primary responsibility for the management of awards for which they serve as Principal Investigator. The review and approval of subrecipient invoices is a critical part of PI award management responsibilities. To assist in PI review of subrecipient invoices, the Subawards Team provides guidance on key points of review with invoices routed for approval and is always available to assist with any questions or concerns that may arise
  - Subaward administrator confirms with PI and Department Administrators prior to issuing modifications that subrecipient's financial and technical performance/reporting to date is both satisfactory and aligns with subaward requirements for each modification; any questions or concerns are appropriately addressed
- **Closeout Stage- Research Finance, Department Administrators, GO/CO, Subawards Team**
  - At the completion of a subrecipient's effort (which may or may not align with the full completion of the NU award) the Subrecipient Administrator confirms with the PI and Departmental Administrators that all subrecipient effort has been completed and deliverables have been received
  - Subaward Invoice Administrator ensures that subrecipient's final invoice has been timely received and routed for approvals
  - Subaward Administrator and/or Subaward Invoice Administrator work with PI, Department Administrator(s), Research Finance and/or the GO/CO to ensure that all final reports and/or certifications (invention report, financial release, etc.) required under the subaward are received from the subrecipient and any funds remaining after the subrecipient's final invoice is paid are deobligated from the associated PO



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### **How are subawards assessed for risk?**

NU subrecipient risk assessments are conducted by the NU-RES Subawards Team using widely-adopted questionnaires and matrixes developed by the Federal Demonstration Partnership (FDP), an association of federal agencies, research policy organizations and academic research institutions with administrative, faculty and technical representation whose mission includes “streamlin[ing] the administration of federally sponsored research and create resources that are available to the research enterprise...” (more about the FDP and its available tools and resources can be found on its webpage, [thefdp.org](http://thefdp.org)).

Subaward actions are assessed for risk at the issuance of the initial award and on a continuous basis throughout the life of the award, including assessments performed at each modification. Such risk assessments involve the following:

- reviewing the subrecipient’s recent audit(s) to determine whether there are any findings related to/may affect the subrecipient’s ability to properly manage the NU subaward
  - if subrecipient is a for-profit or foreign entity that is not subject to single audit, the subrecipient will need to complete a financial questionnaire to provide the necessary information to demonstrate its ability to properly manage the subaward
- reviewing the subrecipient’s scope and budget to determine whether there are any factors, such as mandatory cost share, participant support, or human/animal subject involvement, that may increase risk of noncompliance or warrant special provisions in the subaward
- ensure that subrecipient PI/Co-I is not currently debarred or otherwise ineligible to receive subaward funds from NU

### **What if a proposed subaward is deemed to be high-risk?**

If a risk assessment determines that a proposed subaward falls under the high-risk category, the NU-RES Subaward Team will work with the PI, departmental administrators, Research Compliance, NU General Counsel and/or NU-RES leadership as applicable to determine what risk mitigation steps NU can take to mitigate identified risks and proceed with issuing the agreement. While rare, some subawards may not be able to proceed as proposed. If, after consultation with all NU stakeholders, the risks of the proposed subaward are not able to be sufficiently mitigated such that the subaward can proceed, NU-RES will assist the PI in determining what other options may be available.

### **What steps can be taken to mitigate risks identified by the risk assessment?**



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Risk mitigations can take many forms and are tailored to address the specific risk(s) of each subaward assessed. A few of the ways that financial, technical or administrative risks of noncompliance are mitigated include:

- Requiring additional or more frequent financial and/or technical reports from subrecipients than prime award requirements
- Requiring backup documentation for all expenses billed to the subaward
- Issuing the subaward on a fixed-price basis, rather than cost-reimbursable (with sponsor approval/appropriate cost reasonableness analysis)

The idea behind these and other risk mitigation approaches is to make it easier to identify and help correct any deficiencies or concerns that may arise as quickly as possible, and to demonstrate to the sponsor that proper diligence is being exercised by all parties involved.

### **Subrecipient Monitoring, Summarized**

Subrecipient monitoring is, like most aspects of research administration, a team effort. The NU-RES Subawards team works closely with colleagues in grants, contracts, departmental research administration, Research Compliance as well as Principal Investigators to ensure that all requirements of the prime award, Uniform Guidance, and applicable laws, regulations and policies are met in the issuance and administration of NU subawards. This guide is not intended to be a comprehensive resource, but to provide an overview of subrecipient monitoring requirements, terms and processes at Northeastern University. For questions related to subrecipient monitoring, please reach out to the NU RES Subawards Team at [nures\\_contracts@northeastern.edu](mailto:nures_contracts@northeastern.edu). We're happy to help with any subaward-related questions and are always here to support NU PIs and their collaborators.



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