

Grant and Contract Accounting Office Subaward Administration on Fund 145 Grant/Contracts

Purpose

This guidance sets out the practice and outlines procedures for the administration of subawards issued by the University under a prime agreement (contract, grant or cooperative agreement) awarded to the University.

When the University issues a subaward, it maintains responsibility to the prime sponsor for managing the funds and ensuring performance meets the expectations under the prime agreement. This policy and associated procedures are developed with the intent to manage subaward issuance, set out responsibilities related to administering subawards, and ensure compliance with federal, state and local laws that affect the performance under, and the administration of, subawards.

Background

A subaward is a special type of agreement that differs in several respects from those for the more standardized procurement of goods and services from contractors. The distinction between a subrecipient and a contractor is based on the Federal Uniform Guidance, 2 CFR 200.330.

The issuance of a contract to procure goods and services is managed by Contracts and Procurement Office (C&P) whereas a subaward is executed by the School of Graduate Studies and Research (SGSR).

The prime sponsor's award to the University usually includes specific authorization for the subaward. Occasionally, the need for a subrecipient's collaboration develops after an award has been made to the University. Under those circumstances, most sponsor policies require that the University obtain sponsor approval of the subaward before it is entered into by both parties.

Persons/Offices Affected

CWU Principal Investigators (PI) and Departments, Subrecipients, School of Graduate Studies and Research (SGSR), Contracts and Procurement (C&P), Accounts Payable (AP), and Grant and Contract Accounting (GCA).

University Practice

To ensure compliance with the prime sponsor funding, regardless of the sponsored project funding source, SGSR is the signatory on subawards in accordance with federal policy found in the Federal Uniform Guidance and sponsor policies found in the prime award to the University.

Subawards cannot be issued until the University has received and processed the prime award (e.g. the prime funding is in a “processed” status and has received a budget number) and the subaward request, subrecipient budget, budget justification, scope of work and letter of intent in a format acceptable to SGSR.

Subawards may only be issued on behalf of the University by the institutional officials with delegated signature authority within SGSR.

Procedures and Guidance

Identification of need and selection of subrecipients

The University Principal Investigator (PI) identifies subrecipient needs for a planned sponsored project. Identification of a subrecipient is primarily based on the expertise, qualifications, availability, cost and technical resources of the subrecipient. Additionally, a CWU PI should review new subrecipients against the Excluded Parties List System (EPLS) found at www.sam.gov prior to incorporation of the subrecipient scope of work into the University’s proposal to the originating sponsor.

The factors set out in the federal Uniform Guidance, 2 CFR 200.330 distinguish between a contractor for goods or services and a subrecipient. When deciding whether the collaboration rises to the level of a subrecipient, it is recommended that the PI become familiar with these factors and consult with SGSR and GCA if assistance is needed in determining the need for a subaward versus procurement of goods or services.

As a state institution, the University must justify sole source selection. The PI is responsible for documenting sole source selection justification of the proposed subawardee and maintaining the justification within departmental files.

Preparing a proposal that includes proposed subrecipients

The School of Graduate Studies and Research requests that the following subrecipient components be obtained by the CWU Principal Investigator (PI) and provided to SGSR along with the SGSR’s prime proposal to a sponsor:

- Subrecipient’s Scope of Work (SOW): A description of the work to be performed by the subrecipient and a timeline for reports and deliverables.
- Subrecipient’s budget and budget justification: Includes the subrecipient’s direct and Facilities & Administrative costs (F&A). If the CWU’s originating sponsor (prime sponsor to CWU) has instituted a published policy that caps F&A rates applicable to the award, the University will in turn flow down the cap to the subrecipient and this should be reflected in the subrecipient’s budget. If the subrecipient does not have a negotiated rate, and in the absence of an F&A rate cap by the originating sponsor, the maximum F&A rate the subrecipient may use is 10% Modified Total Direct Costs (MTDC).

- A Subrecipient Letter of Intent: Includes the project period, amount and project title of the subrecipient's proposed scope of work and be signed by the Subrecipient's institutional official or cognizant officer.
- Any additional elements that may be required by the prime sponsor such as cost or pricing data, the subrecipient's F&A rate agreement, biosketches and pending support of subrecipient key personnel.

During proposal budget preparation, the amount of the subrecipient's total costs are included as a separate item in the CWU proposed budget. If CWU's prime award has been awarded with an F&A rate base of MTDC, only the first \$25,000 of each subaward during the project period is subject to CWU's F&A rate.

Subaward Issuance

Information and supporting documents required to initiate a subaward

When the prime award is made to the University and accepted by SGSR and Principal Budget Administrator (PBA), Grant and Contract Accounting (GCA) assigns a budget number and the PI is notified.

To avoid unnecessary delays, the PI should request the subaward at the time the budget number is issued. All supporting documentation (e.g. current budget, budget justification, letter of commitment, and scope of work of the subrecipient) should be attached to the subaward request.

SGSR will review the subaward request and carry out a risk assessment. If allowable, they will send the material to C&P and GCA to review and prepare the subaward agreement.

Issuance of a Subaward

Although CWU is not a member of the Federal Demonstration Partnership (FDP), a program to streamline the operations of grants management between U.S. universities and certain federal agencies, it uses the FDP subaward template to transfer subaward funds to other institutions/entities.

Per the Uniform Guidance, all federally funded subaward agreements must contain the information required in 2 CFR 200.331(a).

Subawards are typically funded on an annual basis with renewals granted for additional time based on need and availability of prime award funding. Modifications may be made to subawards when circumstances require a change to the terms and conditions. Such modifications may be due to:

- Change of subawardee personnel
- Change on subawardee scope of work
- Provision of supplemental funding or extension of time on the subaward

- Additional terms or conditions that need to be incorporated into subaward due to changes to prime award terms and conditions

C&P issues the draft subaward agreement to the subrecipient for review and execution. If necessary, terms are satisfactorily negotiated, and the subrecipient returns the partially executed agreement and any required certifications to C&P and SGSR. Once signed by SGSR, the fully executed final award is sent to the subrecipient.

Title to equipment under a subaward

When the Subawardee retains title to Equipment

In cases where the U.S. government does not retain title, the Subawardee will retain title to equipment, which has an acquisition cost of \$5,000 or more upon purchase, unless stipulated differently in subaward agreement.

When the Sponsor retains the title to Equipment

When neither CWU nor the Subawardee retains the title to equipment acquired through the use of prime sponsor's funds (normally Federal contracts), the PI along with GCA will notify the Subawardee within 60 days following subaward termination to facilitate return of equipment to sponsor.

Closeout of a Subaward

If required in the subaward, the subawardee will submit a final technical report (in writing unless an exception has been approved) to the CWU PI. The PI is responsible for approving the final technical report and retaining it for inclusion in the final technical report to the prime sponsor.

The subawardee must submit a final invoice in accordance with the agreement. The PI is responsible for reviewing and approving the final invoice and forwarding it to the GCA office in a timely manner to assure payment of the invoice from the sponsored project budget number associated with the prime award. Upon GCA review, the invoice will be forwarded to AP for processing.

Responsibilities

Accounts Payable

- Payment on received and approved subrecipient invoices

School of Graduate Studies and Research (SGSR)

- Conduct final review of the prime proposal including making sure an authorized official has signed the subaward proposal, especially to ensure the correct Facilities & Administrative (F&A) cost rate has been used in the request for funding and performance of a risk assessment of the subawardee.
- Request subaward; help negotiate terms

- Execute and distribute subaward.

Principal Investigator

- Obtain initial proposal documentation including:
 - Presence of all subrecipient proposal materials, including budget, budget justification and letter of commitment
 - Reasonableness of budget in light of the statement of work

Grant/Contract Accounting

- Ensure timely submission of subawardee invoices
- Review and approve subaward invoices
- Monitor the subaward activities, progress, compliance and expenditures
- Perform risk assessment of subawardee during subaward period of performance
- Request subaward modifications when necessary
- Collect subrecipient closeout materials, including final invoice and if applicable review and follow guidance for equipment