Subawards and Subrecipient Monitoring

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Objectives

- **Distinguish Between:**
  - Procurement and Subaward
  - Vendor and Subrecipient

- **Identify subrecipient responsibilities**

- **Monitoring subrecipients**
  - Risk Assessment
  - Before, During & After Award Monitoring
Terms

- **Subrecipient** – An entity that receives a portion of a prime award
- **Subawardee** – Interchangeable with subrecipient
- **Subcontractor** – Can be a subrecipient or regular vendor under contract with Emory
- **Consultant** – a regular vendor
• A-21 - Cost Principles for Educational Institutions
• A-110 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
• A-133 – Audits of States, Local Governments, and Non-Profit Organizations
• NEW – Uniform Guidance – effective 12/14/14. (Some awards, and thus their subawards, are still subject to old circulars.)
Procurement – The purchase of commercially available goods or services from a vendor. No intellectual contribution is intended to the project.
Subaward means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of “award” in paragraph (e).
• §200.92 Subaward.

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a 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. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
Vendor
(A-133 A -.105)

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization’s own use or for the use of beneficiaries of the Federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in -.210.
Provides the goods and services within normal business operations;
Provides similar goods and services to many different purchasers;
Operates in a competitive environment;
Provides goods or services that are ancillary to the operation of the Federal program;
Is not subject to compliance requirements of the Federal program.
Other Possible Characteristics:

- Entity may or may not be in proposal;
- After award, some sponsors may require preapproval to hire (if a consultant);
- Contract generally identifies specific goods or services to be provided/performed;
- Generally not required to certify work and invoicing;
- Invoicing generally in entity’s own format;
- Contract generally does not have an audit clause.
Subrecipient means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.
Subrecipient means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Guidance on distinguishing between a subrecipient and a vendor is provided in -.210.
Subrecipient
(A-133 B -.210(b))

- Determines who is eligible to receive what Federal financial assistance;
- Has its performance measured against whether the objectives of the Federal program are met;
- Has responsibility for programmatic decision making;
- Has responsibility for adherence to applicable Federal program compliance requirements;
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.
§200.93 Subrecipient.

*Subrecipient* means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
Subrecipient

Other Characteristics:

- Usually identified in original proposal;
- After award, sponsor approval required;
- Has its own PI or Project Director;
- Contract refers to subrecipient’s scope of work and references the main award;
- Effort must be certified;
- Invoices required in our format;
- Contract subject to audit by Emory and the Federal government.
In distinguishing between a procurement and a subaward A-133 cautions that in “making the determination of whether a subrecipient or vendor (contractor) relationship exists, the substance of the relationship is more important than the form of the agreement.” A-133 -.210 (d)

Uniform Guidance requires the pass-through entity to make a case-by-case determination whether each agreement is for procurement agreement or a subaward. Emory has developed a determination form for this purpose. The form will be submitted with each sub request.
Who Are Our Subrecipients?

- Other colleges and universities almost all of which are subject to A-133/UG requirements
- Institutes and other non-profit research organizations, some subject to A-133/UG
- Small corporations and businesses not subject to A-133 requirements
- Foreign non-profit organizations not subject to A-133/UG requirements but we may audit them
Proposing Subawards

- A PI wishing to subaward a portion of his/her grant to another institution should include the subawardee in the proposal.
- Including the subawardee at the proposal stage will help avoid needing to seek approval later and will ensure that Emory is able to meet all commitments made in the proposal.
Proposing Subawards

Requirements from agencies may vary, but in general for each subaward the following materials are needed:

- Statement of Work (SOW) describing the exact responsibilities of the subawardee
- Biosketches for subawardee key personnel
- Resources to be utilized at the subawardee’s performance site
Proposing Subawards

- Detailed budget and budget justification for the subawardee
  - The detailed budget should include all direct and indirect costs being requested on the subaward
  - If requesting indirect costs, the subaward must have a negotiated indirect cost rate agreement (and must provide it upon request)
  - For organizations with no negotiated indirect cost rate agreement, Emory will allow inclusion of up to 10% F&A on a Salary, Wage and Fringe base. This is in alignment with the Uniform Guidance.
  - Be sure to check if there are sponsor limitations on subawardee F&A (such as the NIH 8% limit on foreign subawardees)

- Checklist, if appropriate
Proposing Subawards

- Most importantly, you must include:
  - A Consortium Letter/Signed Subrecipient Commitment Form from each participating subawardee
    - A letter or signed form must indicate a willingness to enter into a written agreement and must provide all applicable certifications and assurances required by Emory’s prime sponsor
    - A letter or form must be signed by that institution’s Authorized Official
    - Emory cannot submit a proposal which includes a subaward without a signed consortium letter or Emory’s Subrecipient Commitment Form and Institutional Profile.
  - The consortium letter generally does not need to be included in the proposal itself, but provides the commitment needed by Emory to submit the proposal
Proposing Subawards

There may be additional requirements based on the agency to which the proposal is being submitted

- For NIH grants, all first-tier subawards, including foreign sites, must have a DUNS number.
- No subaward may be issued until Emory is provided the DUNS number for the site.
- Information on obtaining a DUNS # can be found at http://fedgov.dnb.com/webform/displayHomePage.do
Proposing Subawards

- All materials for each Subawardee are needed prior to proposal submission

- Therefore, it is important that you let your Subawardee’s know early what you need and when it is needed
And now....

POST AWARD RESPONSIBILITIES
Responsibilities of the Prime

Emory:

- Develop and publish policies on subrecipient compliance based on Uniform Guidance.
- Insure policies are followed.
Subrecipient Responsibilities: When Emory is the sub

For the Federal Government & our Prime Contractors:

- Complete the Annual A-133 Audit Report
- File the A-133 with Federal Audit Clearinghouse (FAC) at http://harvester.census.gov
- File it with the US Department of Education (EZAudit)
- File a copy with any Federal agency whose award had a finding
- Provide the A-133 report and/or results to any prime that requests it
- Carry out our responsibilities to and for our subrecipients
To our Subrecipients/Subcontractors:

- Provide necessary information to subrecipients
- Advise subrecipients of pass-through requirements imposed by the Federal government
- Monitor the subrecipients to ensure funds are used for the purposes intended
- Ensure audit compliance for subrecipients expending $750,000 or more in Federal funding, i.e., have they filed their annual A-133 audit report?
- Issue a management decision on any audit findings and take timely corrective action as needed
- Consider if audit findings require adjusting Emory records
- Require each subrecipient to permit access to their records for audit purposes
Information for Subawards

- Federal Award Identification
- Subrecipient Name and unique entity identifier
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Period of Performance (Start and End Date)
- Amount of Federal Funds Obligated
- Total Amount of the Federal Award
- Project Description
- Name of Federal Awarding Agency, Pass-Through Entity, and Contact Information for awarding official
- CFDA Number and Name
- Identification of whether the award is R&D
- Indirect cost rate for Federal Award
Invoicing

- OSP enters Purchase Order (PO) requisition (will identify a department “receiver” on each requisition)
- PO number is added to the contract and executed
- Subawardee will send invoices to AP (invoices@emory.edu), with copy to the department’s “receiver”
- Department must receive any invoices on PO’s with a value over $4,999
- For those PO’s with a value of $4,999 and under, invoices will automatically be paid by the Emory Express system
Account Codes

- **77600**
  - Subawards up to $25,000
  - F&A is assessed (account code 89810)
- **77610**
  - Subawards over $25,000
  - No F&A is assessed (MTDC exclusion)
Why you need to monitor your subs

Need anything from Taliban

3 RPGs, 1 IED, and some weapons grade plutonium if they've got it.

Whoa. I didn't even catch that!!!! Meant Ralphs

I'm good. Thanks baby.

Great. Now I'm gonna be on some kind of list

Send
Subrecipient Monitoring

- Risk Assessment
- Timed Monitoring
  - Pre-award
  - During-the-award Monitoring
  - Post-award Monitoring
- Emory Unit Monitoring
  - OSP
  - PI
  - RAS/Department/Business Administrator/College
  - OGCA
Purpose: Identify potential risk exposure early so appropriate monitoring techniques can be implemented.

Risk are evaluated as “No Concern,” “Level 1, 2, or 3”

Evaluation categories

- No Concern (Single Audit available, no findings)
- Level 1 Concern (Findings on Single Audit, but non-grant related or grant related but “minor”)
- Level 2 Concern (No Single Audit) – Review audited financial statements and if finding, determine whether sub can appropriately manage award.
- Level 3 Concern (No audited financial statements) – extra requirements.
Risk Assessment

- **Agency**
  - Low – major Federal agency
  - High – small corporation/association/consortium

- **Type of Award**
  - Low – standard grant
  - High – one time contract

- **Size/Complexity of Award**
  - Low – small/simple
  - High – large/complex

- **Size of Award Relative to Sponsor**
  - Low – small
  - High - large
Pre-award OSP Monitoring

- Ensure subrecipient is financially able to do work
- Find out if subject to A-133 and get a copy of the most recent audit
- If required, coordinate pre-audit and/or post audit with OGCA
- Include appropriate terms in agreement for:
  - OMB Circular & FAR requirements
  - Complete & detailed budget, as applicable
  - Invoicing instructions for timing, format etc.
PI Monitoring

- **Pre-award**: Ensure subrecipient is technically competent and financially able to do work
- **During-the-award**
  - Insure work meets standards and time line
  - Insure invoices are timely and certified as needed
  - Visit work site as needed
- **Post-award**
  - Insure the work met standards and the technical report was filed
  - Insure final invoice is the final invoice and is certified by subrecipient PI
• During-the-award - Ensure subrecipient invoices are received and processed in a timely manner and certified as needed prior to payment

• Post-award - Ensure the final invoice is the final invoice and properly certified by the subrecipient PI and our PI
Post-award OGCA Monitoring

- Assist, if requested, to determine if subrecipient is financially able to do the work
- Ensure A-133, F/S or request response is on file for each subrecipient
- Notify subs on a quarterly basis that they must notify Emory of any findings on an Emory subcontract within 60 days of receipt.
- Make sure findings, if any, are reviewed and a management decision is on file
- Ensure subrecipient corrective action plan is on file and completed as promised for any findings
- Ensure pre or post-audits are completed, as needed
Wrap Up

• We compared and contrasted:
  ○ Procurement & Subaward
  ○ Vendor & Subrecipient

• We identified our general subrecipient responsibilities

• We learned about monitoring our subrecipients by:
  ○ Evaluating our subrecipient risks
  ○ Identifying the various roles and responsibilities we have as a recipient for Subrecipient Monitoring before, during and after the award