Subawards

Office of Research and Economic Development Seminar Series

April 14th, 2015
Roadmap

• What is a subaward
• OMB Uniform Guidance 2 CFR Part 200
• Risk Assessment
• Subrecipient Monitoring
• Subawards at the....
  • Proposal Stage
  • Award Stage
  • Post-Award Stage
Subawards: What are they?
Subaward: Definition

A Subaward is required when an institution or organization outside of the University will contribute to the programmatic portion of the research effort under a grant or contract awarded to the University.
Subawards: Incoming

Incoming Subawards (MSU Awards):

• MSU will perform a portion of a larger project that is being led by another institution or entity.

• MSU will receive a subaward from the lead entity.

• MSU is only responsible for its portion of the overall project.

• Since MSU is receiving funding, incoming subawards are treated as any other incoming award for reporting purposes.

• Incoming subawards are processed by your SPA administrator.
Subawards: Outgoing

Outgoing Subawards (MSU Subawards):

• MSU will serve as the lead institution on a project, a portion of which will be performed by another institution or entity.

• MSU will issue a subaward to the subrecipient.

• MSU is responsible for the oversight of the entire project, including the portion being completed by the subrecipient.

• Outgoing Subawards are processed by the SPA Subcontracting Unit.
OMB Uniform Guidance
2 CFR Part 200

"One Ring to rule them all,
One Ring to find them,
One Ring to bring them all
and in the darkness bind them."
Uniform Guidance (2 CFR 200)

The OMB (Office of Budget and Management) had individual circulars to guide all facets of Federal Awards.

Effective December 26, 2014, the OMB Uniform Guidance http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5 is a combination of all of these circulars for all awards issued after December 26, 2014.

CFR (Code of Federal Regulations)
Uniform Guidance: Subrecipient Invoicing

• Cost Reimbursable payments to subrecipients must be made within 30 calendar days after the receipt of the invoice (unless the request is improper)

• Importance of Subrecipient monitoring
Uniform Guidance: F&A Rates

• Unless the federal program is subject to a reduced F&A rate, MSU must pay the subrecipient their federally negotiated rate

• If they do not have a federally negotiated indirect cost rate agreement, then they can use the de minimis rate of 10% MTDC
Uniform Guidance: Mandatory Data Elements

- **Federal Award Identification:**
  - Subrecipient name
  - Subrecipient's unique entity identifier (DUNS #)
  - Federal Award Identification Number (FAIN)
  - Federal Award Date (date signed by federal awarding agency)
  - Subaward Period of Performance Start and End Date
  - Amount of Federal Funds Obligated by this action
  - Total Amount of Federal Funds Obligated to the subrecipient

- **Total Amount of the Federal Award (to MSU)**
- **Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)**
- **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; and**
- **Indirect cost rate for the Federal award**
Uniform Guidance: Mandatory Data Elements

• All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award

• **Identification of any required financial and performance reports**

• Federally negotiated indirect cost rate or, if no such rate exists, a de minimis indirect cost rate, 10% of MTDC

• A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements

• Appropriate terms and conditions concerning closeout of the subaward
Uniform Guidance: Risk Assessment

• Requires that a Risk Assessment be performed to evaluate the level of risk associated with issuing the subaward

• The results of the Risk Assessment are used to determine if specific risk mitigation strategies need to be written into the subaward agreement, such as:
  • additional terms and conditions, increased frequency/more detailed financial and programmatic reporting
  • additional levels of subrecipient monitoring (site visits, desk audits, etc.)

• Subrecipient either meets the Single Audit requirement or completes a Financial Information form to be reviewed by SPAdmin. and SPAcct.
Uniform Guidance: Risk Assessment

SPA Subcontracting Unit will:

• Check that neither the Subrecipient nor the Subrecipient PI are listed on the U.S. Dept. of State List of Statutorily Debarred Parties

• Complete the Subrecipient Risk Assessment Matrix
  • **Low risk:** no action necessary
  • **Medium risk:** add additional financial and programmatic reporting requirements and other terms and conditions as needed
  • **High risk:** all of the medium risk requirements plus a monitoring plan for in depth subrecipient monitoring including site visits, audits, and a timeline for when these will occur and who will perform these tasks
Uniform Guidance: Subrecipient Monitoring

Mandatory for all subawards

- Reviewing financial and performance reports required by the pass-through entity
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means
- Audit reports are checked yearly through the Federal Audit Clearinghouse (available late 2015)
- Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity
Uniform Guidance: Subrecipient Monitoring

Additional Subrecipient Monitoring tools that may be used as indicated by the Risk Assessment:

• Providing subrecipients with training and technical assistance on program-related matters; and

• Performing on-site reviews of the subrecipient's program operations
Uniform Guidance: Fixed Price Subawards

Fixed Price subaward under the Uniform Guidance:

- Limited to the Simplified Acquisition Threshold ($150,000)
- Must be pre-approved by the federal awarding agency
- May not be used if cost-share is required
- Subrecipient must submit a completion certification at the end of the project stating that the activity or level of effort was completed or else the cost must be adjusted.
Proposal Stage
Proposal Stage

It all starts with your brilliant idea...

Then you assemble your proposal team, which includes a subaward to one or more outside entities.

**Just remember......**

- Subawards are always issued to an organization or institution, NOT to an individual.
- MSU project employees cannot have financial interests in any organization receiving a subaward (conflict of interest (COI)).
Proposal Stage: Subrecipient/Vendor/Consultant

**Subrecipient:**
- Involved in a significant portion of the scope of work of the MSU sponsored project
- Has responsibility for programmatic decision making;
- Uses the funds to carry out a program within the organization as compared to providing goods or services for a program;
- **Is responsible for adhering to applicable program compliance requirements (i.e., OMB Circulars, agency regulations, etc.); and**
- Subawardee’s PI may be a co-author on publications or may seek patent protection for inventions.
Proposal Stage: Subrecipient/Vendor/Consultant

Vendor:

• Provides the goods or services within normal business operations;
• Provides similar goods or services to many different purchasers;
• Operates in a competitive environment;
• Provides goods or services that are ancillary to the operation of the research project; and
• Are not subject to monitoring or reporting requirements of the prime award.
Proposal Stage:
Subrecipient/Vendor/Consultant

Consultant:

• A company or an individual who is clearly a bona fide consultant (expert advisor) who pursues this line of business for him/herself
• Are paid for their time at a daily or hourly fixed rate
• A consultant is considered a “work for hire” thus all intellectual property and copyrightable information is assigned to MSU.
• Usually short term
• RFP sometimes dictate amount that can be charged
Proposal Stage: Subrecipient Commitment Form

• Available on the SPA website
• Completed by the subrecipient prior to proposal submission
• Contains the Subrecipient’s
  • Contact information
  • Performance site
  • Audit information
  • Special Review and Certifications (IRB, FCOI, RCR, etc.)
  • Signature by authorized signatory signifies approval of all attached proposal documents
Proposal Stage: Other Required Documents

- Scope of work
- Budget
- Budget Justification
- F&A Agreement (if applicable)
- Some sponsors may require a signed letter on letterhead from the subrecipient’s SPA office.
- Other forms as required by the RFP
  - Current and Pending
  - Bio-Sketch
  - Conflict of Interest
Proposal Stage: Other things to Consider

• FCOI, RCR, entity/PI registration, credentials (NIH)
• Calculate enough lead time for subrecipients to submit their proposals through their SPA offices. Give the subrecipients a deadline to have all of their information 3-7 days prior to the date you need to submit your proposal to your department/center/VP for review in order to be compliant with dept./division policies.
Award Stage
Awards Stage

Great news...!

You've Got Funding!

...and you are ready to issue a Subaward to your Co-PI
Award Stage: Getting Started

• Fund Notification Emails from Sponsored Programs Accounting will contain the following advisory:
  • Your sponsored project includes a subaward in the budget. If you are ready for your subaward to be issued, please go to the following link for more information http://www.spa.msstate.edu/rt/subawards/index.php

• When ready to issue the subaward, submit the following items to subcontract@spa.msstate.edu:
  • Request for New Subaward form
  • Subrecipient Commitment form
  • Scope of Work and Budget
Award Stage: Request for New Subaward Form

• Available on the SPA website

• Completed by the MSU PI/Departmental Budget Manager after the award to MSU has been processed

• Contains
  • Contact information for the PI, departmental contact, and Subrecipient POC
  • Prime Award information
  • NEW! Section of questions to be answered by the MSU PI
  • Signature by PI signifies approval of all attached subaward documents (Scope of Work, Budget, etc.)
Award Stage: Subaward Unit

The Subaward Unit will...

• Work with the department and subrecipient to obtain any needed information or forms
• Verify that the subrecipient entity and PI are not on the federal Debarred list
• Conduct a Risk Assessment on the subrecipient and in consultation with the PI and SPAcct.; make any necessary adjustments to the subaward agreement
• Review the terms of the MSU prime award, and flow them down to the subrecipient as required
• Determine the appropriate subaward template, prepare the subaward, and email it to the subrecipient
• Negotiate the terms of the subaward with the subrecipient as needed
• Notifies the PI of any special issues regarding the subaward
Award Stage: Houston, we have signatures!

Once the Subaward is signed by both parties...

• Subcontracting Unit will upload the subaward into Banner form FZMSPSC

• A copy of the subaward will be emailed to MSU PI and departmental contact and the original will be sent to SPAcct.

• Subawards that require special approvals are forwarded to Research Compliance for tracking of IRB, IACUC, FCOI, RCR compliance
Post-Award Stage
Post Award: Modifications

During the lifecycle of a Subaward, sometimes changes are necessary. To modify the subaward, complete the Request for Subaward Modification form and submit it to subcontract@spa.msstate.edu along with any supporting documentation.

Examples:

- No Cost Extensions (cannot extend past MSU’s award end date)
- Adding funding
- Changes in PI, budget, or scope of work (may require Prime Sponsor Approval)
Post Award: Subrecipient Monitoring

PI Responsibilities:

• Monitors the technical progress of the subrecipient toward completion of the scope of work

• Are reports being received in a timely fashion?

• Tracks monitoring activities on the Subrecipient Monitoring Record, which will be sent to SPAcc at closeout
Post Award: Subrecipient Monitoring

PI Responsibilities (cont.)

• Reviews and Approves all invoices
  • See Invoice Monitoring Guide
  • Timely and according to budget?
  • Are there expenses that seem out of place or out of compliance?

• If cost share is required:
  • Verifies that it is being provided as required in the award budget
  • Makes sure that MSU receives the appropriate documentation from the subrecipient to verify that cost share commitments have been met
Post-Award Stage: FFATA

FFATA: Federal Funding Accountability and Transparency Act
• Requires the prime recipient of federal funds to report all subawards over $25,000
• The $25,000 is cumulative, so multi-year projects may be affected even when the 1st year funding is less than $25,000
• The information needed for this reporting is gathered at the Award Stage and the reporting is handled by Sponsored Programs Accounting.
Questions??

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SUBCONTRACTS

Sponsored Programs Accounting
Role in Managing Subcontracts
Review Subcontract

• Expenses are within time period of subcontract
• Expenses are within the budget
• Check cumulative
• Check subcontract for documentation requirements
• Review for cost share requirements
• Once the invoice has been reviewed, Sponsored Programs Accounting will stamp the invoice reviewed, date and initial and send to the department contact.
• The Fund, Org, Account, and Program will be noted on the invoice.
• 1st $25,000 of the invoice will be coded 405775, amounts greater than $25,000 will be coded 405795 (for F&A calculations)
• If there is an issue with the subcontract, we will contact the subcontractor and obtain the additional information needed.
• If we do not have a subcontract or modification that supports the invoice, we will contact Sponsored Programs Administration.
• We will hold the invoice until all issues are resolved.
• Follow same review as regular invoices
• The Subcontractor and the Principal Investigator will complete a Subcontract Closeout Form before the final invoice will be released for payment. The close out form will address the final invoice, final report, patent, and equipment. The invoice will not be released for payment until the Subcontract Closeout Form is signed by the Subcontractor and the Principal Investigator.
• The Principal Investigator should ensure that progress reports are received and/or deliverables have been met, before approving a subcontract invoice for payment.
• Complete the Subcontract Close out form as pertains to the Principal Investigator’s section.
• Certify/approve the subcontract invoice for payment on the restricted fund.

Role of Principal Investigator
• When you receive a copy of the subcontract, make sure it agrees with what has been budgeted for in the award document.
• If you award a subcontract for more or less than is budgeted, please revise the MSU budget.
• If you are having issues with a subcontractor, please bring to our attention.
Contacts in Sponsored Programs Accounting

• Candace Box 662-325-1937  cbox@controller.msstate.edu
• Stephanie Ford 662-325-0197  sford@controller.msstate.edu
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