



Subaward Basics: What is a Subaward vs Vendor

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Learning Objectives

- Define a subrecipient versus a vendor relationship in a program award.
- Identify components for establishing a subagreement
- Understanding federal requirements to monitoring and reporting sub agreements.





Sponsor
award

- A sponsored program is any project awarded by a government agency or by a private or corporate sponsor that requires technical & financial reporting, invoicing and/or auditing.

Prime
Recipient

- Receive money directly from an entity such as the federal government to carry out a project or program.

3rd Party
Recipient

The prime recipients may then pay some of the money they receive to other entities to carry out objectives of project or program.



3rd Party Relationships

- Vendor
- Fee for Service

What is a Vendor

- A vendor provides goods or services within normal business operations to the recipient so the recipient can accomplish the project's purpose— example
 - *Provides a routine service (e.g. equipment fabrication or repair, data processing, or routine analytical testing services, etc.*
 - *Operates in a competitive environment with others who provide similar services*

Who handles Fee For Service Agreements:

- All Fee for Services Agreements are handled in most instances by the Purchasing Office of the University
 - Examples of fee for service are Consulting Agreements



3rd Party Relationships cont'd

- Subawards

Types of Subawards

Subawards coming into University	Subawards issued by University
University is Not the Prime Recipient	University is the Prime recipient
Federal Sponsor	Federal Sponsor
Non-federal Sponsor	Non-federal Sponsor

What is a Subaward/Subrecipient?

- This relationship exists when funding from a prime or pass-through entity is provided to perform a substantial portion of the scope of work or objectives of the prime entity's award agreement with the...awarding agency.
 - *A pass-through or prime entity is an entity that provides an award to a subawardee to carry out a program.*





Preparing an Application That Includes Subrecipient(s)

- Contact Subrecipient to Discuss
 - Time line of submission
 - Deliverables
 - Documentation required to establish agreement
 - Subcommitment Certification form Complete and Signed
 - F&A Rate Agreement
 - Current Financials
 - FWA (if Human subjects)
- Documents Prime Requires for Submission
 - Statement of Work (SOW)
 - Budget
 - Budget justification
 - LOI (if needed)
 - Biosketches
 - Pending and other support
 - Sponsor required documents

Example of Letter of Intent

Letter of Intent to Establish a Consortium

Date: _____ eRA record # _____
Title of Application: _____
Sponsor: _____
Applicant/Prime Institution: _____
Principal Investigator: _____
Cooperating/Sub-recipient Institution: _____
Address: _____
Congressional District for Performance Site: _____ Duns No. _____
Unique Entity ID(UEI): _____
Sub-recipient Principal Investigator: _____
Proposed Start Date: _____ Proposed End Date: _____
Human Subjects: yes ☐ no ☐ pending ☐ Animals: yes ☐ no ☐ pending ☐

First Budget Year	
Direct Costs:	\$
Indirect Costs:	\$
Total Costs:	\$

Project Period	
Direct Costs:	\$
Indirect Costs:	\$
Total Costs:	\$

This letter is to verify that the research referenced above has received full administrative review by _____.
The appropriate programmatic and administrative personnel are familiar with consortium/contractual policies and will comply as they relate to the proposed research referenced above. _____ will agree to negotiate a written inter-organizational agreement with the _____ that will ensure compliance with all pertinent terms and conditions of the sponsor.

_____ does ☒/ does not maintain ☐ an approved, active, and enforced policy on FCOI.

Policy is ☒/ is not in ☐ compliance with the provisions of 42 CFR Part 50, Subpart F and 45 CFR Part 94; OR ☐ project is not being funded by an agency following PHS FCOI regulations.

This letter certifies that _____ is not delinquent on any federal debt, nor presently debarred, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by a Federal department or agency.

Cooperating/Sub-recipient Institution

Name of Institution

Signature of Authorized Official
Date:



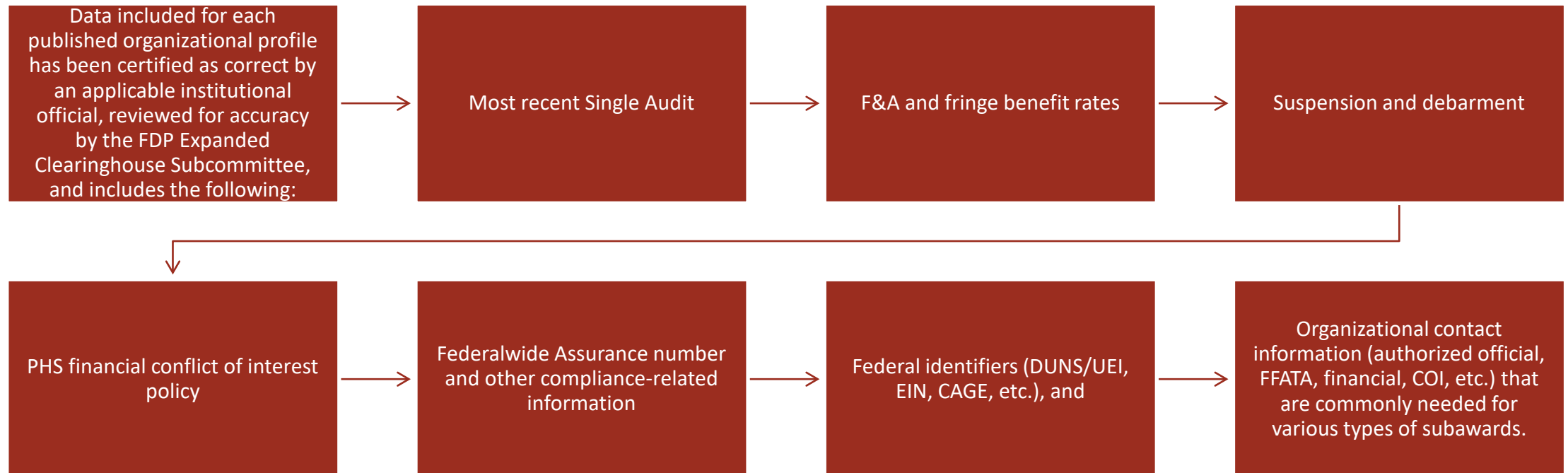
Federal Demonstration Partnership (FDP)

- What is and Why Use FDP?
 - Online organizational profiles containing entity-based information needed by pass-through entities when they are issuing subawards or monitoring their subrecipient.
 - Participating institutions agree to use the clearinghouse rather than sending/receiving individual subrecipient commitment forms containing the information posted on their profile.
- <https://fdpclearinghouse.org/>



Federal Demonstration Partnership (FDP)

What information is available in the organization profiles?



Question?

Does your Institution use anything other than the FDP templates for Subagreements?



Federal Demonstration Partnership (FDP) versus Non-FDP Agreements



If the sponsor is a Federal agency, use FDP template



If the sponsor is any entity Other Than Federal, use Research Agreement.



Examples...

Foundation
Company
Associations



Prime Award Comes in: What Additional Documents from Subrecipient

Form 3B is the Administrative, PI, and Financial contacts for the Subrecipient relationship.

Note: Form 3A and 3B is on the FDP subawards website. This an attachment to the final subaward agreement and used for FFATA reporting.

TEMPLATES & SAMPLES

<i>FDP Subaward Templates.</i> Recommended use: domestic academic/non-profit institutions under federally funded grants or cooperative agreements.		
Resource	Version Date	Comments
Cost Reimbursable Template	September 2019	This 2019 release updates several key regulations, as outlined and detailed in the crosswalk and major changes documents, both of which are located below in the supporting documents section of this page.
Fixed Amount Template		
Attachment 3B; Page 1 and Page 2		
Attachment 3A		
Attachment 7 Data Transfer and Use (DTUA) PILOT	January 2020	Attachment 7 is a PILOT developed in coordination with the FDP data stewardship subcommittee. FDP members are NOT required to use or accept Attachment 7 in their subawards.

<http://thefdp.org/default/subaward-forms/>

University PI issues a contract to a 3rd party recipient as a Subaward



Federal	Non-Federal
<ul style="list-style-type: none">• Subcommitment Form (Not if provided at time of submission)	<ul style="list-style-type: none">• Subcommitment Form (Not if provided at time of submission)
<ul style="list-style-type: none">• 3B	<ul style="list-style-type: none">• 3B
<ul style="list-style-type: none">• Budget & Budget Justification (if changed)	<ul style="list-style-type: none">• Budget (budget justification if applicable or required)
<ul style="list-style-type: none">• Statement of Work (if changed)	<ul style="list-style-type: none">• Statement of Work (if changed)
<ul style="list-style-type: none">• Bio Sketch of Key Personnel (if changed)	<ul style="list-style-type: none">• Sponsor required documents

If You Are
the Prime
Institution
What's
Necessary

Subaward Double Check



Did you budget for the Subaward(s) on the final budget?



If the SOW or budget have changed since the submission, DO request the updated documentation



If compliance was pending (IRB, IACUC) DO request the compliance approval



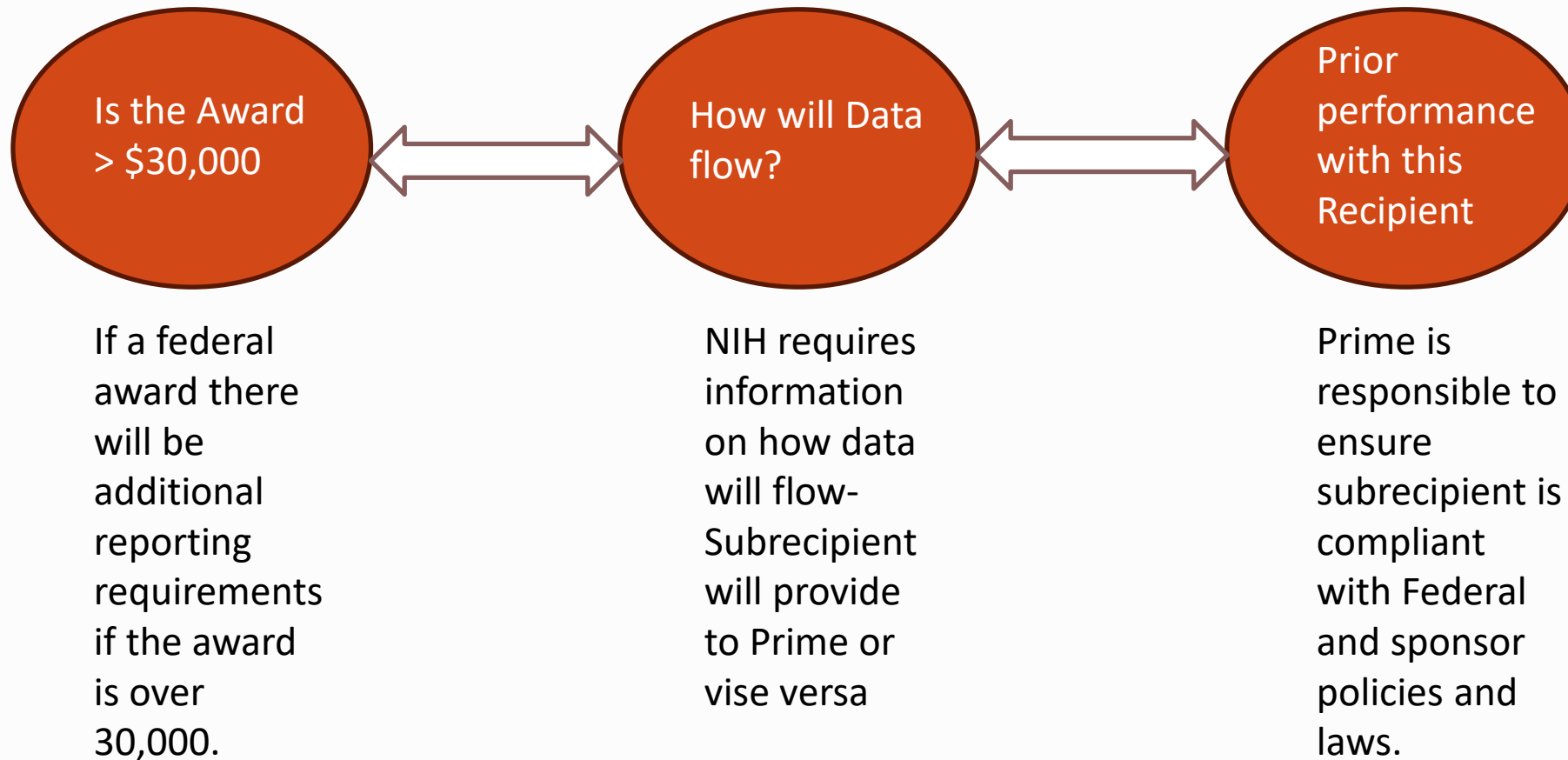
DO make sure to include the Prime Notice of Award terms and conditions as part of the Subrecipient Agreement (Attachment 6)

The background of the slide features a solid dark brown color. On the left side, there is a vertical bar of a slightly lighter brown shade. On the right side, there are two large, overlapping circles in a medium brown color, creating a layered effect.

Question?

Can You Think of Other Double Checks?

Considerations Before Issuing Agreements to the Subrecipients





(2 CFR 200) (“Uniform Guidance”), specifically §200.332, requires pass-through entities to evaluate each subrecipient's risk of noncompliance prior to issuing a subaward agreement.

To comply with this requirement, Prime Recipients perform risk assessments with a cost reimbursable subawards or subaward amendments with additional funding.

- Risk Assessment should be conducted prior to issuing a new Subaward Agreement and Annually thereafter for amendments.
- Use a Tool that adequately assesses risk and determines the risk level of the subrecipient to the Prime entity.



Subrecipient Risk- Assessment Monitoring

- A risk assessment is a way to evaluate the potential financial and compliance risk of a subrecipient on a project. Several factors are considered when determining the level of risk associated with a subrecipient:
- Subrecipient financial status and internal controls
- Amount of subaward
- Percentage of award passed through to subrecipient
- Program Complexity

Risk Assessment Tool

Temple University
SUBRECIPIENT RISK ASSESSMENT TOOL

Temple Award PI Name:
Prime Sponsor: NIDA
Subrecipient Name:
Subrecipient PI:

ERA #:
Project #:
Subaward Amount (1st Year only):
Risk Level Assigned: 0

Scoring:
0 = Normal Risk
2+ = Above Normal
1
#DIV/0!

Criteria	Lower Risk	Higher Risk	Weight	Score	Weighted Score
Prime award type	Grant	Contract / MOU / Subcontract	4	0	0
Prime sponsor type	Federal / State Agency	Small Corp/Association/Foundation	3	0	0
Subrecipient type	University / Non-profit	Industry/Corporation or Non-profit not subject to federal audit requirements	4	0	0
Foreign or domestic	Domestic	Foreign	4	0	0
Maturity of subrecipient's organization	Mature (> 10 years)	Start-up (0-10 years)	4	0	0
Prior positive experience with subrecipient	Abundant/Numerous	Limited/None	2	0	0
Prior negative experience with subrecipient	None	Considerable/Some	2	0	0
Amount of subagreement	Total cost is between \$100-250K	Total cost is greater than \$250K	3	0	0
Percentage of award subcontracted	Total cost is less than 25%	Total cost is greater than 25%	2	0	0
Negotiated indirect cost rate agreement	Yes or use of 10% De Minimis	Institution negotiating	2	0	0
Single Audit or audit report on file	Single Audit on file with no material findings	No audit report and/or report with material findings	2	0	0
Accounting systems established	Yes	No	2	0	0
Procurement systems	Yes	No	2	0	0
IACUC/IRB compliance	No or Not applicable	Yes	2	0	0
Conflict of interest in place at institution?	Yes	No	1	0	0
SOV & deliverables	Report only	Tangible products; pivotal to the success of the project	4	0	0
Subject to single audit	Yes	No	3	0	0
Meeting cost-sharing goals	Policies and procedures in place or not applicable	Lack of policies and procedures	2	0	0
				Total Score	0

Risk Level Assignment & Actions (check risk level assigned)*

NORMAL RISK 0 to 40	No revisions to standard subaward templates necessary. Standard monitoring plan will apply.
ABOVE NORMAL RISK GREATER THAN 41	As appropriate, seek guidance from Supervisor, or PI, Legal and/or Risk Management on complex contract or compliance issues and the additional monitoring that should be put in place such as more detailed invoices, more frequent/detailed financial and/or programmatic reporting, etc., including how and by whom the monitoring will be done.

Financial thresholds are cumulative. Therefore, modifications may trigger the need to reassess risk.

General Instructions

Input '0', '1', or '2' in the green highlighted column based on the criteria listed in column A

Risk analysis assessment procedure must be applied each time a new subaward is issued or a modification is made to an existing award

The weighted score will determine actions required



Ongoing Subrecipient Monitoring

Continuous monitoring of the administrative and programmatic performance of the subaward is the responsibility of the PI and department/local level managing unit.

Key elements of subrecipient monitoring include the following:

- Knowledge of the terms and conditions of the subaward, including, but not limited to, the Fly America Act for subawards that have a federal prime.



Ongoing Subrecipient Monitoring Cont'd

- Regular communication amongst all subrecipient stakeholders
- Invoice/financial report review
- Review of any non-financial reports required by the subaward
- Documentation supporting subrecipient
- Monitoring Key Personnel effort

Case Study

PI Doe at Temple University just received \$500,000 award from the National Institutes of Health to Study the effects of Aspirin on reducing heart attacks over a 5 year period. Part of the criteria for this study is a diverse population and the PI has been talking to PI Joe in Singapore that is studying heart attack prevalence in Asian populations. PI Joe is with the National University of Singapore. They are not familiar with NIH as a funding source and therefore no experience as a subrecipient. They have completed the recipient commitment form that details they have audited financials; and they have a financial system to monitor the grants however they do not have a federally negotiated rate agreement. PI Doe has requested his central office to issue a sub award to PI Joe in the amount of \$200,000 American dollars. He will help PI Doe complete specific aim one and two and be an intricate part of the final report findings. It is determined PI Joe will need recruit 50 patients and order heart monitors and feed data back to PI Joe on a monthly basis.

- What are Some Concerns for Risk Assessment?

Ongoing Subrecipient Monitoring Cont'd



If NIH be aware:

- Final Updated Policy Guidance for Subaward/Consortium Written Agreements” ([NOT-OD-23-182. September 15, 2023](#)) for foreign subawards.
- For all Letters of Commitment provided by foreign subrecipients, include a that ensures compliance with the new NIH policy. Example:
 - *Subrecipient has carefully reviewed the requirements set forth in the solicitation and is aware of these requirements and is willing to abide by all requirements, should an award be issued. The Subrecipient understands that they shall be expected, not less frequently than once per year and/or upon request of the PTE or Prime Sponsor to provide access to copies of all lab notebooks, all data, and all documentation that supports the research outcomes as described in the progress report to the primary recipient, in alignment with the timing requirements for Research Performance Progress Report submission but with a frequency of no less than once per year.*



Reporting Requirements on Subaward Agreements involving Federal awards.

Federal Funding Accountability and Transparency Act (FFATA)

2 CFR Chapter 1, Part 170

Applies to:

Prime awardees of a federal grant

When to Report:

End of the month following the month in which the prime awardee awards any sub-award equal to or greater than \$30,000 in Federal funds that does not include recovery funds.

Exception:

Procurements awarded to provide a service needed by the prime recipient in order to implement its grant project are not required to be reported in accordance with FFATA.

<https://www.fsrs.gov/>



Federal Funding Accountability and Transparency Act (FFATA)

The reporting requirements are as follows:

- Both mandatory and discretionary grants awarded on or after October 1, 2010.
- For those new Federal grants as of October 1, 2010, if the initial award is equal to or over \$30,000, reporting of sub-award and executive compensation data is required.
- If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements, as of the date the award exceeds \$30,000.
- All sub-award information must be reported by the prime awardee.



Close Outs of Subawards

Close out Check List

1. Technical Report – Prime PI includes subrecipient report with final progress report
 - Submitted within 60 days of project end date
2. Financial Report – Final invoices submitted within 60 days of project end date
3. Terminal end date – Stated on the original agreement between prime and subrecipient.

Questions

