

UNIVERSITY OF ALASKA SOUTHEAST

Information Manual for Research and Other Sponsored Projects Updated: October 2007

GM 16: Subawards, Subcontracts and Subcontracts for Research

Definition

A subrecipient is defined by the Statewide Accounting Manual Procedure G-13 as a non-Federal entity that expends Federal awards received from a pass-through entity to conduct a substantive portion of the program or activity for which the original award was received for a federally funded program. UAS is responsible for the programmatic and financial monitoring of its sponsored award subrecipients.

The terms of UAS-subrecipient relationships are documented in the contract agreement. These guidelines and procedures are provided to assist responsible faculty and staff in ensuring that subrecipients conduct their portions of sponsored projects in compliance with laws, regulations and terms and conditions of awards and subawards and that project costs incurred by subrecipients are reasonable and allowable.

OMB Circular A-21, Appendix A Part 99005 -- Cost Accounting Standards for Educational Institutions, and CAS 9905.501 -- Consistency in estimating, accumulating and reporting costs by educational institutions apply when considering flow-through awards.

For each new award to the university with its own unique identifier whether for a continuing large program or not, a new subaward must be generated and will be active within the life of that new prime award. A new purchase order will also match up with the new subaward. F&A charges will be collected on the first \$25,000, if the award allows F&A. GCO needs to be able to close out each discrete award, and its encumbrances, within 90 days of the award end date.

See UA SW Accounting Advisory Report No. 2003-1, Subawards and Vendor Contracts for help in determining appropriate type of contract.

Roles and Responsibilities

Principal Investigators (PIs) have primary responsibility for monitoring and documenting subrecipients to ensure compliance with federal regulations and both prime and subrecipient award terms and conditions. The PI is responsible for ensuring that an acceptable final technical report is received from the subrecipient. The PI must receive the technical report(s) and deliverables before final payment can be made. A copy of the subrecipient's final report transmittal letter must be submitted to the Budget and Grants Office. The PI should thoroughly review the subrecipient's final voucher before authorizing final payment. If the total billings for any subagreement will be less than that originally authorized, the PI, in conjunction with the unit, should initiate a request for modification of the subagreement. If the subrecipient concurs, the subaward/subcontract will then be modified and the encumbrance reduced accordingly by the proper procurement authority.

School/department fiscal managers have responsibility for assisting PIs in fulfilling their monitoring responsibilities, for reviewing invoices from subrecipients and questioning expenditures if necessary, and for maintaining documentation of monitoring efforts. Documented subrecipient monitoring should occur not less than quarterly throughout the fiscal year. The first page of each subrecipient monitoring report must be submitted to the Budget and Grants Office for maintenance.

The Budget and Grants Office has the responsibility for ensuring that the University's subrecipient monitoring procedures are compliant with federal and other applicable regulations and are consistent with sound business practices. UAS Grants Office will provide further training, monitoring and guidance in interpreting applicable regulations and subrecipient award terms and conditions, and in interpreting and executing these guidelines.

Federal Regulations

The federal regulations that describe subrecipient monitoring are general, but contain the following core elements of compliance.

Advising subrecipients of all applicable federal laws and regulations, and all appropriate flow-down provisions from the prime agreement.

The routine receipt and review of Technical Performance Reports.

The routine Review of Expenses-to-Budget.

The periodic performance of On-site Visits, or regular contact, if necessary.

The option to perform "audits" if necessary.

Review of A-133 audit reports filed by subrecipients and any audit findings.

Review of corrective actions cited by subrecipients in response to their audit findings.

Consideration of sanctions on subrecipients in cases of continued inability or unwillingness to have required audits or to correct non-compliant actions.

The above list does not include all compliance requirements. In addition to the general elements of compliance noted above, there may be additional sponsor- or program-specific requirements that mandate collecting and documenting other assurances (e.g. on lab animals, human subjects, biohazards, etc.) during the course of a project.

UAS Subrecipient Monitoring Guidelines

The UAS Grants Office, on an annual basis will review all active subcontracts to determine the necessity for additional oversight. Factors for consideration include:

Total award size relative to the subrecipient's contract. (Percentage passed through: the larger the percentage of program award passed through, the greater the need for subrecipient monitoring).

Award complexity, sensitivity of the work and/or extensiveness of the governing regulations.

Prior experience with the subrecipient, e.g. a new subrecipient, an inexperienced subrecipient, a history of non-compliance, having new personnel, or having new or substantially changed systems.