

The University Maryland Baltimore County

Office of Sponsored Programs

Subaward Policies and Procedures

Purpose

The purpose of the **University Maryland Baltimore County Subaward Policies and Procedures** is to provide guidance to UMBC faculty and staff in being compliant with university and awarding agency requirements for the preparation and management of UMBC-issued subawards under externally-funded programs.

Definition of a Subaward

A subaward issued by UMBC refers to an agreement between UMBC and any other organization in which a Principal Investigator (PI) at the other organization will assist UMBC in accomplishing an externally-funded project by performing *substantive work* on the project. Substantive work is effort in which the collaborator engages directly in the performance of the specific aims of the project. UMBC and the subrecipient mutually agree on how the substantive work will be performed and how it will be measured. The subaward will have a PI and will generally have potentially patentable or copyrightable technology and/or publications resulting from the project. A subaward does not include agreements for the procurement or purchase of routine goods or services.

Appropriate Use of Subawards

- the scope of work to be performed utilizes the facilities, employees and/or resources of a subrecipient;
- the subrecipient is contributing substantively to the scholarly and/or scientific conduct of the project as described in the scope of work and has responsibility for programmatic decision making;
- the subrecipient has responsibility for adherence to applicable federal program compliance and performance and is measured against whether the objectives of the federal program are met;
- the subrecipient will bring a unique knowledge and expertise to the project and conduct the work mostly independent of UMBC's direct supervision or control with only general technical direction and coordination exercised by the UMBC PI; and
- the subrecipient, as part of its primary business operations, does not provide the same goods and services to others and will be using the subaward funds to carry out a program of the subrecipient organization rather than provide goods and services to complete a program for the sole benefit of UMBC (e.g. purchase, fabrication or repair of equipment, data processing, routine analytical or testing services).

Inappropriate Use of a Subaward

- if the agreement is for the provision of goods or services within normal business operations;
- if the organization/business provides similar goods or services to many different purchasers;
- if the organization/business operates in a competitive environment for the provisioning of the goods or services to be procured;
- if providing goods or services are ancillary to the operation of the funding agency; or
- if the organization/business is not subject to the requirements of the funding agency.

When a subaward is not appropriate, the PI/department should check with the Procurement Department for information on how to purchase the goods or services. Note, F&A is charged on only the first \$25,000 of a subcontract but on the entire amount of a vendor contractual arrangement.

Begin the Subaward Process at the Proposal Stage

Most funding agencies require written approval before a subaward is issued. So, the UMBC PI should determine the potential need for a subaward at the proposal stage. UMBC has adopted a *Subrecipient Commitment Form* that should be filled out by the potential subrecipient at the proposal stage. The form can be found in Appendix A. This form allows UMBC to collect needed compliance and project information. If the form is not completed at the proposal stage, it will need to be completed prior to the issuance of a subaward to the recipient. The following information is normally requested from the potential subrecipient. Depending on the proposal guidelines from the sponsor, other information may also be required, such as a letter of intent, biographical sketches, current and pending other support, and available facilities information.

- a scope of work to be completed by the subrecipient;
- a budget that meets the requirements of the sponsor and UMBC; outline any cost sharing commitment made by the subrecipient
- a letter of intent with an authorized signature indicating the potential subaward institution's commitment to perform the proposed scope of work, the commitment of the institution for cost sharing (if necessary), assuring the accuracy and reasonableness of the budget, and agreeing to enter into a subaward if the proposal is funded;
- all required representations, certifications and assurances (e.g. human subjects assurance).

The PI should be aware of the *'Codes of Conduct' of Subpart C.42 of OMB Circular A-110*, which states:

"The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or

her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.”

The budget consists of a categorical breakdown of subrecipient costs, which could include both direct and facilities and administrative (F&A) costs, if allowed by the funding agency. If F&A costs are included in the potential subrecipient budget, a copy of their most current F&A Cost Agreement must be provided to the UMBC OSP for verification of the F&A rate used in the budget. If the subaward is to a for-profit business, they may not have a federally negotiated rate. If a proposed Subrecipient wishes to be reimbursed for indirect costs but does not have an approved F&A rate agreement with the federal government, UMBC is required to review and approve the Subrecipient's proposed indirect cost rate. This review is best done before a proposal is submitted to a sponsor, but must be completed before UMBC can issue a subaward. The budget should also show a categorical breakdown of subrecipient cost sharing, if cost sharing is required.

In the case of subawarding to a foreign institute, special considerations apply. The foreign institute must be approved by the primary award sponsor. In many cases, indirect costs are not allowed. However, a foreign subawardee can add expenses that are typically categorized as indirect costs as direct costs. The costs must still be allocable, allowable, and reasonable for the project. Please note, for some awarding sponsors, Canadian institutes are considered domestic and have federally negotiated indirect cost rate agreements. Each foreign institute should be looked at on a case-by-case basis. UMBC Principal Investigators are encouraged to contact OSP staff to help determine the restrictions that will be applied to a collaboration with a foreign institute.

The scope of work outlines the work to be accomplished by the subrecipient.

It is not uncommon for the sponsor to request revised information, e.g., budget after the initial review of the proposal by the sponsor. This revision may or may not impact a potential subrecipient. If it does, the UMBC PI would contact the subaward PI for the required revisions. All revised documentation from the subrecipient would once again require an institutional/organizational authorized representative signature.

Issuing the Subaward

After the awarding agency has approved the selection of a subrecipient, whether by issuing an award that contains provisions for the subrecipient or by approving the selection of a subrecipient after the award has been made, the OSP staff member awarding the primary award in PeopleSoft notifies the Subaward Manager. The Subaward manager initiates the issuance of a subaward by drafting the subaward according to the terms and conditions of the

primary award. The department/center Business Manager ensures that a purchase request is submitted for the subaward. The final purchase order number will become the subaward reference number. The Subaward Manager reviews and approves the purchase request via the UMBC Procurement Office. The Subaward Manager sends a draft version of the subaward to the Project Director for approval before the subaward is issued to the collaborating institution.

Upon receipt of this request, the OSP prepares the subaward and ensures that the subrecipient has supplied appropriate financial information. OSP staff will review and approve the purchase request via the UMBC Procurement Office. OSP staff work with the PI/PD and the proposed subrecipient to design and negotiate acceptable subaward wording in keeping with sponsor guidelines and regulations and UMBC policies and procedures.

The OSP will send two partial executed originals of the subaward to the subrecipient for signature by an authorized institutional official. Subrecipients are requested to return one copy of the signed subaward, along with other supporting documents as needed (e.g., audit certification, subrecipient commitment form, IRB approval, etc...), to the OSP.

Paying the Subrecipient Invoices

Subrecipients send their invoices for payment to the OSP, who reviews each invoice with regard to federal and state regulations and conditions specified in the award, using the OSP subaward invoice checklist. A copy of this checklist is in Appendix B. If an invoice is acceptable, an OSP staff member forwards the invoice to the PI/PD and Business Manager for approval. The PI/PD is responsible for approving all invoices with regard to the subcontractor's performance and the validity of the expenses as related to his/her project. The Business Manager is then responsible for making sure the invoice is entered in PeopleSoft and sends the invoice to Account Payables to be paid. Accounts Payables will not pay a subcontractor's invoice without OSP's stamp on the invoice or OSP's emailed approval. OSP's Subrecipient Invoice Process and Policy for invoice payments can be found in Appendix D.

Subrecipient Monitoring – PI Responsibilities

The PI is responsible for:

- verifying that work performed by the subrecipient is conducted in a timely manner and is acceptable;
- reviewing and approving subrecipient invoices (to be forwarded by the OSP Contracts and Grants Accountant);
- maintaining regular contact with the subrecipient regarding the technical aspects of the project;
- performing site visits as necessary to review fiscal and programmatic records and/or observe programmatic activities; and
- ensuring that all deliverables (e.g. technical, property, and invention reports) required under the subaward are being provided.

Subrecipient Monitoring – OSP Responsibilities

The OSP is responsible for:

- informing each subrecipient of the CFDA title and number, award name and number, and name of the federal agency providing funding;
- advising subrecipients of the requirements imposed on them by federal laws, regulations, the provisions of the prime award, or provisions of UMBC;
- ensuring that non-profit subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133;
- issuing a management decision (when subrecipients have A-133 audit findings) within six months after receipt of the subrecipient's audit report and ensuring that the subrecipient takes appropriate and timely corrective action;
- considering whether subrecipient audits necessitate adjustment of UMBC's own records;
- requiring each subrecipient to permit UMBC and auditors to have access to the records and financial statements as necessary for audit purposes;
- reviewing and approving subrecipient invoices and forwarding them to the PI for review and approval; and
- verifying cost sharing commitment is documented and certified by subrecipient
- verifying the subrecipient has not been debarred or suspended from receiving federal funds
- verifying the subrecipient has an IRB or IACUC approved research protocol
- performing desk audits and/or site visits as necessary for review of subrecipient financial records; and
- obtaining a Small Business Subcontracting Plan from the subrecipient if a subaward is on a federal contract incorporating the Small Business Subcontracting Plan requirement, the amount of the subaward is \$500,000 or more AND the subrecipient is not a small business.

Subaward Conflict Resolution

Sometimes the collaborative relationship experiences difficulties. These difficulties vary in nature from minor problems to major project issues. UMBC Principal Investigators should contact OSP at the first onset of any subawardee problems. OSP can offer a variety of solutions depending on the nature of the problem, the type of funding involved, and the sponsoring agency's policies. In general, we will make every effort to work with subawardees to resolve any issues. However, Principal Investigators have certain rights he/she can exercise if a collaboration has deteriorated beyond the point of recovery.

Subaward Termination

After the UMBC Principal Investigator deems that the subaward will not be renewed, OSP staff will contact the subrecipient to collect all final reports. These reports usually include, but are not limited to, a final invoice of current and cumulative expenses, final property report, final patent/invention report. The final technical report should be collected by the UMBC Principal Investigator.

Sources of Federal Guidelines

OMB Circular A-21: "Cost Principles for Educational Institutions"

<http://www.whitehouse.gov/omb/circulars/a021/a021.html>

OMB Circular A-133: "Audits of States, Local Governments, and Non-Profit Organizations"

<http://www.whitehouse.gov/omb/circulars/a133/a133.html>

OMB Circular A-110: "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

<http://www.whitehouse.gov/omb/circulars/a110/a110.html>

Federal Acquisition Regulations <http://farsite.hill.af.mil/>

Sources of Other Pertinent UMBC Policies

UMBC Office of Sponsored Programs (Pre Award)

<http://www.umbc.edu/ospa/index.html>

UMBC Contracts and Grants Office (Post Award)

<http://www.umbc.edu/FinancialServices/grantacct.html>

APPENDIX A

APPENDIX A

Subrecipient Commitment Form

(Following 3 pages)



SUBRECIPIENT COMMITMENT FORM

Today's Date:

SUBRECIPIENT INFORMATION

SUBRECIPIENT: _____ SUBRECIPIENT'S PI: _____
 UMBC's PI: _____ PRIME SPONSOR: _____
 SUBMITTED PROPOSAL TITLE: _____
 PERFORMANCE PERIOD BEGIN: _____ END: _____

SECTION A – Proposal Documents

The following documents are included in our subaward proposal submission and covered by the certifications below:

- STATEMENT OF WORK (REQUIRED)
- BUDGET & BUDGET JUSTIFICATION (REQUIRED)
- SUBRECIPIENT COMMITMENT FORM (REQUIRED) completed and signed by Subrecipient's Authorized Official
- Small/Small Disadvantaged Business Subcontracting Plan, in agency-required format (required for proposals over \$550,000)
- OTHER: _____
- OTHER: _____

SECTION B – Special Review and Certifications

1. **Facilities and Administrative Rates** included in this proposal have been calculated based on:
 - Our federally-negotiated F&A rates for this type of work, or a reduced F&A rate that we hereby agree to accept. (If this box is checked, a copy of your F&A rate agreement must be furnished to UMBC before a subaward will be issued.)
 - Other rates (please specify the basis on which the rate has been calculated in Section D *Comments* below)
2. **Fringe Benefit Rates** included in this proposal have been calculated based on:
 - Rates consistent with or lower than our federally-negotiated rates. (If this box is checked, a copy of your FB rate agreement must be furnished to UMBC before a subaward will be issued).
 - Other rates (please specify the basis on which the rate has been calculated in Section D *Comments* below).
3. **Cost Sharing** Yes No **Amount:** _____
 (Cost sharing amounts and justification should be included in the Subrecipient's budget).
4. **Affirmative Action Compliance**
 Indicate in accordance with the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2) that your organization has:
 - A written affirmative action program has been developed and is on file
 - A written affirmative action program has not been developed
 - Have not previously had contracts subject to the written affirmative action programs

REGULATORY APPROVALS (Questions 5-9)

For any "Yes" answers: Copies of the committee approval form / letter must be attached.



5. **Human Subjects** Yes No **Approval Date & IRB No.:** _____
 Check Yes if proposal includes surveys, interviews, observations or secondary data.
 (If "Yes": Copies of the IRB approval and approved "Informed Consent" form must be provided. If pending, obtain approval as require and forward these documents to UMBC as soon as they become available.)
 If "Yes": Have all key personnel involved completed Human Subjects Training? Yes No
6. **Animal Subjects** Yes No **Approval Date IACUC No.:** _____
 (If "Yes": A copy of the IACUC approval must be provided. If pending, obtain approval as require and forward these documents to UMBC's PI as soon as they become available.)
7. **Debarment, Suspension, Proposed Debarment**
 Is the PI or any other employee or student participating in this project debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities?
 Yes No
- The Organization Certifies they: (answer all questions below)
- Are Are Not presently debarred, suspended, proposed for debarment, or declared ineligible for award of Federal Contracts
- Are Are Not presently indicted for, or otherwise criminally or civilly charged by a governmental entity
- Have Have Not within three (3) years preceding this offer, been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or Local) contract or subcontract; violation of Federal or State antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property
- Have Have Not within three (3) years preceding this offer, had one or more contracts terminated for default by any Federal Agency
8. **Conflict of Interest (applicable to NIH, NSF, CDC only)**
- Not applicable because this project is not being funded by NIH, NSF, or CDC
- Subrecipient Organization/Institution hereby certifies that it has an active and enforced conflict of interest policy that is consistent with the provision of 42 CFR Part 50, Subpart F "Responsibility of Applicants for Promoting Objectivity in Research." Subrecipient also certifies that, to the best of Institution's knowledge, (1) all financial disclosures have been made related to the activities that may be funded by or through a resulting agreement, and required by its conflict of interest policy; and, (2) all identified conflicts of interest have or will have been satisfactorily managed, reduced or eliminated in accordance with Subrecipient's conflict of interest policy prior to the expenditures of any funds under any resultant agreement.
- Subrecipient does not have an active and/or enforced conflict of interest policy and hereby agrees to abide by UMBC's policy.
9. **Fiscal Responsibility**
 The organization certifies that its financial system is in accordance with generally accepted accounting principles and:
- has the capability to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received
- maintains internal controls to assure that it is managing Federal awards in compliance with applicable laws, regulations and the provision of contracts or grants
- complies with applicable laws and regulations
- can prepare appropriate financial statements, including the schedule of expenditures of Federal awards
- there are no outstanding audit findings which would impact contract costs. If there are findings, submit a copy of the most report that describes the finding and steps to be taken to correct the finding.



SECTION C – AUDIT STATUS

A-133 Audit Status

Does the Subrecipient receive an annual audit in accordance with OMB Circular A-133? Yes No

If "Yes": Has the audit been completed for the most recent fiscal year? Yes No

If not, when is it expected to be completed? _____

Were any audit findings reported? Yes No

(If "Yes," explain in Section D, *Comments*, below.)

Note: A complete copy of Subrecipient's most recent audit report, or the Internet URL link to a complete copy, must be furnished to UMBC.

If "No": Does the Subrecipient receive overall federal funding of at least \$500,000 per year? Yes No

Is the Subrecipient a:

- Non-profit entity expending less than \$500,000 per year in Federal or Sub-Federal funds annually
- For-profit entity that expends Federal or Sub-Federal funds and has a DCAA audited rates
- For-profit entity that does not expend Federal funds or have annual audits
- Foreign entity

If a for-profit entity, is the Subrecipient a:

- Small business
- Large business

Note: If a subrecipient does not receive an A-133 audit, UMBC will require the entity to complete an Audit Certification and Financial Status Questionnaire, and may require a limited scope audit, before a subaward will be issued.

Name and address of Audit Contact:

SECTION D – COMMENTS

APPROVED FOR SUBRECIPIENT:

The information, certifications and representations above have been read, signed and made by an authorized official of the subrecipient named herein. The appropriate programmatic and administrative personnel involved in this application are aware of agency policy in regard to subawards and are prepared to establish the necessary inter-institutional agreements consistent with those policies. Any work begun and/or expenses incurred prior to execution of a subaward agreement are at the subrecipient's own risk.

(Signature of Subrecipient's Authorized Official) (Address)

(Type or print name and title of Authorized Official) (City, State, Zip)

(Name and EIN of Subrecipient's Organization/Institution) (Phone) (FAX)

(Date) (Email)

APPENDIX B

UMBC Office of Sponsored Programs

INVOICE CHECKLIST

Pull previous invoice (if it exists) to aid you in checking. Confirm the following:

- P.O. number, place √ mark
- Correct Subcontractor and Account Number
- Notate total amount of award. If cumulative is already on invoice, place √ mark
Be sure cumulative amount invoiced is less than or equal to total award amount.
- Time period of invoice should coincide with previous invoice. It generally would not overlap with the previous invoice and should NEVER exceed the termination date. Place √ mark
- Invoice numbering should be sequential, following previous invoice. Place √ mark
- If possible, check that fringe benefit rate and amounts are accurate for current invoice, place √ marks. Often they lump all fringe benefit amounts together, and it is not possible to check.
- Indirect cost rate agreement is in the file and current. If there isn't one, sometimes you can find a current one in another subcontract file with the same institution.
- Indirect cost amount is correct. Often the indirect cost rate on an invoice does not match the DHHS agreement. This is because the rate for the life of the award is set, and unchanging. Notate percentage if not marked. Place √ mark
- Current budget adds up correctly.
- Cost sharing commitments are documented on the invoice.
- Cumulative line items – Check that the previous invoice cumulative line item plus the current item equals the current cumulative.
- Cumulative total should be in accordance with approved budget(s), including any line-item categories and total amount.
- If this is a final invoice, the Sponsored Projects Specialist will need to review file.

Note: ***Exempt from F&A (AKA, overhead, IDC):

Equipment

Tuition

Sometimes – computer services

Subcontracts in excess of \$25,000

Appendix D

Subrecipient Invoice Payment Process and Policy

Accounts Payables receives the original copy of the invoice and forwards an electronic copy to OSP. After a thorough budget and compliance review of the subrecipient invoice, OSP will route subaward invoices for payment via email. OSP will review, approve, scan, and email invoices to the principal investigators and department business managers.

The principal investigator (PI) will need to sign the invoice. If the PI is unavailable for signature, for example on travel, a Co-PI or some other sr. personnel on the project may sign in the PI's absence along with the signature of the business manager. It is acceptable for the PI to email their approval and the business manager can sign the invoice. The business manager will need to enter a receipt into PeopleSoft and send the printed copy of the invoice and receipt to Accounts Payable for payment processing. Original invoices will be retained by Accounts Payables.

The State allows for 25 days from invoice receipt date for processing of payment. OSP and Accounts Payable are trying to improve the process to avoid the need for late justification. Each unit (OSP, DEPT, and Accounts Payable) has approximately 8 days to process the invoice and send to the next unit. OSP will try it's best to adhere to the 8 day turnaround should there be no issues with the invoice. When there are problems with the invoice and there is a need for revision, OSP will request the subcontractor to revise the invoice date.

Please contact Subcontracts Manager (ext. 5-3140) in OSP if you have any questions related to this process.