Avoiding the Subaward Blues……

Welcome & Introductions

• Mark Dobbins – OSP Contract & Grant Specialist
• Portia Garvey – OSP Assistant Director, Preaward Services
• Katie Holden – College of Health Sciences, INBRE Coordinator
• Susan Tkachick – OSP Sponsored Programs Accountant
• George Walueff – Associate Director, Procurement Services

Learning Objectives

• Gain an understanding of the Subaward Process from Proposal to Close-Out
• Review Roles & Responsibilities Critical to Success
• Understand the Methods of Subaward Monitoring as Required by OMB Circulars
• Obtain Valuable Tips, Tools, and Recommendations to Avoid the Subaward Blues
Glossary of Terms

- Subaward
- Prime Recipient
- Subrecipient
- Authorized Institutional Representative (Signing Official)
- Scope of Work
- Terms and Conditions

What is Subrecipient Monitoring??

- The process of providing oversight on subawards throughout their lifecycle, including:
  - Obtaining appropriate information prior to proposal;
  - Reviewing appropriateness of the subawardee;
  - Executing an agreement consistent with A-133 requirements;
  - Acquiring signed A-133 certification statements as appropriate.

What does A-133 require??

- Ensure that federal funds are used for authorized purposes in accordance with laws, regulations and provisions of the prime award.
- Ensure that performance goals are met.
- Monitor the activities of the subrecipient to ensure compliance.
- Ensure that subrecipients expending $500K or more annually have met the audit requirements for that fiscal year.
- Issue a management decision on audit findings, if necessary, and ensure that the subrecipient takes appropriate and timely corrective action.
- Provide prime award information to subrecipients.
- Conduct on-going review and oversight of subrecipient progress and compliance.
Why is monitoring important??

George Washington University

- Payments made to fake subcontractors
- GWU agreed to $1.8 million settlement with DOJ
- Former PI stole nearly $1 million was sentenced to prison

University of Puerto Rico (UPR)

- Key elements of the complaint
  - The audit found $16,000 in questioned subawardee costs and that UPR's internal controls for subawardee costs are lacking.
  - Two subawardees were unable to provide adequate supporting documentation and one subawardee duplicated billing for indirect costs.
  - Subawards were not adequately monitored because UPR's policies and procedures did not include a risk-based system for monitoring and reporting subaward costs.
- UPR agreed with the findings and is launching a new subrecipient monitoring system.

University of Massachusetts Medical School (UMMS) and Yale University

- Key elements of complaint
  - NIH Award to UMMS
  - UMMS issued subaward to Yale University
  - Audit report alleges that Yale claimed $193,779 in costs that did not comply with OMB Circular A-21 and the terms of the subgrant.
  - Because Yale received its funds through a subgrant from UMMS rather than directly from NIH, audit recommended under separate cover that UMMS reimburse NIH for unallowable subgrant costs totaling $193,779.
- Yale currently under federal investigation
Subaward or Vendor or Consultant??

- How do you know which one it is??
  - Research, Service, Consulting, Material Transfer Agreements...OH MY!!
    - Room 120: 10:30 – 11:45
    - Room 120: 2:45 – 4:00
  - [http://www.udel.edu/research/preparing/faq.html](http://www.udel.edu/research/preparing/faq.html)

Subaward??

- Briefly: Does the collaborator have programmatic input into the award? If so, usually is a subrecipient.
- Provider Determination Worksheet Required!!
Proposal

• Requirements for Subaward Proposal
  – Budget
  – Budget Justification
  – Scope of Work
  – Subrecipient Commitment Form
    • Letter of Intent
  • Alternatives – Other institutions may have different methods but requirements are always the same – not unique to UD
  • Correspondence w/ subrecipient institution

Proposal → Award

• Recommend Meeting to include PI, Dept Admin and C&G Specialist
• Sponsor Terms and Conditions
  – Flowed down from Prime to Subrecipients
• Federal Demonstration Partnership (FDP) Forms
  – Subaward Agreement and Attachments
• Forms may also be required by terms and conditions such as ARRA or FFATA.
• F&A
  – Account 153200: < $25K
  – Account 153300: > $25K
Purchase Order Set up

- Included in Request webform:
  - Provider Determination Worksheet
  - Scope of Work
- Webform (initial purchase requisition and requisition amendments)
  - Initiate requisition for the amount currently funded
  - Routing
  - Approval

Purchase Order Number

- PO Number = Subaward Number (follows subaward throughout life cycle of award)
- Do not send PO webform language or PO to the subrecipient:
  - Varies from the subaward Terms and Conditions
  - Causes confusion and unnecessary concerns = delays!
- Requisition is assigned a PO Number/Subaward Number by procurement
- Subaward is sent to subrecipient by Research Office C/G

Subaward Agreement

- Basic Terms and Conditions
  - Invoicing requirements
  - Conditions of termination of agreement
  - May also include ARRA & FFATA terms
- Important information
  - Funded amount
  - Budget & Project period – Incremental funding!! (if prime award is incrementally funded so is subaward)
  - PI
Attachment 1

- Certifications and Assurances
  - Lobbying
  - Debarment
  - A-133 audit compliance
  - Monitoring Requirements
    - Subrecipient must inform Prime of adverse audit results affecting this subaward.
Attachment 2

• Terms and Conditions
  – Will vary depending on sponsor of award
  – Addresses equipment ownership, IP, data rights.
• Special Terms and Conditions
  – Unique to award or subaward
  – Prime recipient may add own terms and conditions

Attachment 3A & 3B

• Contact information for both prime and subrecipient
  – Administrative Contact
  – Financial Contact
  – PI
  – Authorized Official
• Very helpful in event of problems or questions
Attachment 4

- Reporting Requirements
- May include reports to Prime PI that are necessary to meet sponsor reporting requirements.
- Closeout document
  - Provides form to ensure all closeout requirements are met:
    - Equipment purchased
    - Cost share met
    - Inventions or Patents
    - Final Invoice submitted
Attachment 5

- Prime Award Document
  - Redact any information PI does not wish to share
- Subrecipient Scope of Work
- Budget
- Budget Justification
- MOUs, cost share requirements, etc.

Subrecipient Monitoring – Katie Holden

- Department Administrators are the gatekeepers. Ensure that invoices are submitted timely.
- Know your PI
- Desk Files
  - Budget
  - Statement of work
  - Prior invoices
- Life cycle of an invoice

Subrecipient Monitoring - Invoices

Checklist—Attachment
1. Letterhead
2. Purchase Order
3. Signature
4. Period of Performance
5. Actual vs. Budget
6. Indirect Costs
7. Verification of Cost Share
8. Cumulative of Actuals vs. Budgeted Line Item
9. Ensure that work is within project scope
10. Approval
Subaward Monitoring Spreadsheet

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**Total Remaining**: $159,140.71

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**DTCC 2011-2012 INBRE Yr. 11**

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**Close Out**

- Final invoice is not paid until accurate, complete & signed closeout documents are received.
- Research Office assists in obtaining final invoice and closeout document(s) for a timely closeout with prime sponsor.
- Research Office SRA does a final review to confirm financial accuracy:
  - actual expenses equal final invoice total and final reporting
  - payment splits between 153200 and 153300 are accurate; if not, a JV is processed to correct the balances.
- Research Office coordinates with Department Administrator and Procurement to close the subaward PO.
Avoiding the Subaward Blues…..

• Kick off subaward with a meeting of internal team members
• Monitor activities/invoicing of subaward monthly – compare to checklist
• Review invoice documentation/reports thoroughly before approving
• Communicate often with team members to ensure subrecipient is in compliance with terms of the subaward
• Address issues early - avoid getting to close-out with the “Subaward Blues”
• Communicate often with the subrecipient!

Questions and Discussion

Contact Information

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