



# UNIFORM GUIDANCE SUBAWARDS AND SUBRECIPIENTS

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## DEFINITIONS

**Subaward.** Subaward means an award provided by a pass-through entity (prime, e.g. Florida Tech) to a subrecipient (non-federal entity) to carry out part of a federal award received by the pass-through entity. A subaward may be provided through any form of legal agreement, including an agreement that the prime considers a contract (Uniform Guidance §200.92).

**Subrecipient.** Subrecipient is a non-federal entity that receives a subaward from the prime to carry out a part of a federal award. A subrecipient may also be a recipient (prime) of other federal awards directly from a federal awarding agency (Uniform Guidance §200.93).

**Subagreement.** A subagreement is an agreement between the subrecipient and the prime. The subagreement must have a detailed scope of work and a budget that includes salary, fringe benefits, supplies, and other direct costs. The budget also includes the overhead based on Florida Tech's indirect cost rate. The subagreement typically includes the terms and conditions outlined in the prime's federal award.

**Contractor (formally “Vendor”).** Contractor is a non-federal entity that receives a contract (Uniform Guidance §200.23) from a federal award to provide goods and services to the prime for its own use.

**Contract.** A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor. (Uniform Guidance, §200.22).

## MORE ON SUBRECIPIENTS (FROM THE C.F.R.<sup>1</sup>)

An entity is considered a subrecipient of a federal award when it<sup>2</sup>:

- a) Determines who is eligible to receive what federal assistance;
- b) Has its performance measured in relation to whether objectives of a federal program were met;
- c) Has responsibility for programmatic decision-making;

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<sup>1</sup> Code of Federal Regulations (C.F.R.)

<sup>2</sup> Verbiage taken directly from (2 C.F.R. §200.330)



- d) Is responsible for adherence to applicable federal program requirements specified in the federal award as well as compliance responsibilities; and
- e) In accordance with the agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Characteristics indicative of a procurement relationship between the non-federal entity and a contractor are when the non-federal entity receiving the federal funds<sup>3</sup>:

- (a) Provides the goods and services within normal business operations;
- (b) Provides similar goods or services to many different purchasers;
- (c) Normally operates in a competitive environment;
- (d) Provides goods or services that are ancillary to the operation of the federal program; and
- (e) Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

The Code of Federal Regulations (2 CFR), Section 200.330 (c), instructs us to use judgement in making a determination.

It is important to note that the presence of one or more of the above characteristics that describe a subrecipient versus a contractor does not necessarily indicate that a particular type of relationship exists; however, a preponderance of certain features may very well lead to the conclusion that the transaction represents a particular relationship. Remember, when making the decision, the substance of the relationship is most important.

## **PRINCIPAL INVESTIGATOR (PRIME) RESPONSIBILITIES**

### **SUBMITTING A PROPOSAL:**

Before submitting a proposal to a sponsor that includes a subaward, PIs should obtain a subaward proposal from any subrecipients. At a minimum, a budget, budget justification, statement of work, and subrecipient commitment form is requested from the prospective subrecipient and must be approved by the subrecipient's authorized organizational official. This signed-off proposal informs Florida Tech that all of the subrecipient's costs consistent with its policies and approved rates are included. federal policy requires that each proposal submitted to a federal agency include documentation of subaward costs. The subrecipient's proposal constitutes appropriate documentation to include as part of Florida Tech's budget justification. It is the responsibility of the PI to determine whether the subrecipient's proposal is competitive and reasonable.

Subawards should be represented in Florida Tech proposals in accordance with Sponsor guidelines. Normally, all of the costs of a particular subaward should appear as a single line item

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<sup>3</sup> Verbiage taken directly from (2 C.F.R. §200.330)



in the budget submitted to the agency by Florida Tech (e.g., including both the subrecipient's direct costs and overhead). If multiple subawards are to be included, each subaward should constitute a separate line item, unless Sponsor guidelines direct otherwise.

## **ESTABLISHING A SUBAWARD:**

Upon receiving a federal award, the PI is to provide the Director of Contracts the following information in order for the subaward to be prepared (Uniform Guidance §200.331):

### **1. Federal Award Identification**

- Name (matches name associated with unique entity identifier).
- Unique entity identifier.
- Federal Award Identification Number (FAIN).
- Federal Award Date.
- Subaward Period of Performance (Start and End dates).
- Amount of federal funds obligated by this action by the pass-through entity (prime) to the subrecipient.
- Total amount of federal funds obligated to the subrecipient by the prime including current obligations.
- Total amount of federal funds obligated to the subrecipient by the prime.
- Federal award project description, as required to be responsive to the federal Funding Accountability and Transparency Act (FFATA).
- Name of federal awarding agency, prime, and contact information for awarding official for the prime.
- CFDA Number and Name (prime must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement).
- Identification as to whether the research is R & D.
- Indirect cost rate for the federal award.

**2. All Requirements Imposed by the Prime on the Subrecipient.** This is to ensure that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.

**3. Any Additional Requirements by the Prime on the Subrecipient.** This is to ensure that the prime meets its own responsibilities to the federal awarding agency including identification of any required financial and performance reports.

**4. Approved Federally Recognized Indirect Cost Rate Negotiated Between the Subrecipient and the Federal Government.** If a rate doesn't exist, then a rate is negotiated between the prime and the subrecipient (in compliance with this part) or a de minimus indirect cost rate (defined in Uniform Guidance §200.414) is used.



5. **Requirement the Subrecipient Permits Prime and Auditors to Access Subrecipient Records and Financial Statements.** This is as necessary for the prime to meet requirements of this part of the award.
6. **Appropriate Terms and Conditions Concerning Subaward Close-out.**

### **ASSESSING RISK (Uniform Guidance §200.331):**

Sponsored Programs (SP) evaluates the risk associated with all new subawards. Sponsored Programs reviews each subrecipient's single audit report as required by Uniform Guidance, prior to the issuance of a subaward. If the subaward or subrecipient is not subject to Uniform Guidance, SP obtains an annual audit certification from each subrecipient for compliance. If the subrecipient has audit findings, additional internal controls may be put in place to mitigate any risk associated with subaward.

### **MONITORING SUBRECIPIENTS ON A GRANT**

PIs have primary responsibility for monitoring subrecipients to ensure compliance with federal regulations as well as both prime and subrecipient award terms and conditions. The federal government places the primary responsibility for management of federally funded projects with the PI.

### **MONITORING THE SUBAWARD:**

#### **Programmatic Monitoring**

The PI is responsible for monitoring the programmatic performance of the subrecipient, including confirmation that the subrecipient has completed all work, milestones and deliverables required by the subaward. Programmatic monitoring activities may include review of technical reports or other deliverables, periodic meetings or communications with subrecipient technical personnel, and review of subrecipient invoices. In situations where the PI identifies deficiencies in subrecipient technical performance, the PI should notify the Director of Contracts, at which point the Director of Contracts will work with the PI to determine the best approach to getting the subrecipient back on track.

#### **Financial Monitoring**

The PI is responsible for monitoring the financial performance of the subrecipient, including confirmation that the expenditures charged to cost-reimbursement subawards are appropriate for the subrecipient's scope of work. Financial monitoring activities may include review of subrecipient invoices and other financial reports.



### **Best Practices for Monitoring:**

The monitoring activities include:

1. ***Staying in Contact*** – Stay in regular contact with the PI of the subaward in maintaining oversight of technical and financial activities. Maintain documentation of communication with the subawardee to include technical and financial aspects.
2. ***Checking Performance*** – Ensure all deliverables are being completed in a timely manner and according to the terms of the subaward.
3. ***Reviewing All Documentation*** – Store all deliverables, including technical and financial, to document the performance of the subawardee. This includes scheduled reports in meeting deadlines specified in the subaward.
4. ***Approving All Invoices*** – Review and approve invoices to verify charges are allowable, allocable, reasonable, and timely. Ensure deliverables have been met.
5. ***Approving Closeout*** – Review final invoice to ensure all deliverables have been met and all reports have been received as specified in the subaward agreement. Upon receiving final payment, the subaward is closed.
6. ***Keeping Sponsored Programs (SP)SP Informed*** – Stay in constant contact with the Director of Contracts in the Office of Research regarding any questions or concerns related to the above responsibilities. Be sure to notify Sponsored Programs promptly if there are any concerns about allowable charges, timely reporting, or failure to meet deliverables.

Requests for modifications to the subaward are sent to the Director of Contracts to obtain approval.

It is important for the PI to monitor the performance and expenditures associated with the subaward on an ongoing basis. Any issues associated with the technical or financial aspects of the subaward should be addressed in a timely manner and before the final invoice is approved.

### **REMEDYING NONCOMPLIANCE**

If a subrecipient fails to comply with federal statutes, regulations or terms and conditions of a federal award, the prime or the federal agency may impose additional conditions (Uniform Guidance §200.207). If the noncompliance cannot be remedied, then additional actions may be taken to include<sup>4</sup>:

- temporarily withholding of cash payments pending corrective action;
- disallow all or part of the cost of the activity or action not in compliance;

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<sup>4</sup>. Refer to Uniform Guidance 200. §338 for more information.



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- wholly or partly suspend or terminate the federal award;
- initiate suspension or disbarment proceedings;
- withhold further federal awards for the project; or
- take other remedies that may be legally available

**CONTACT INFORMATION:**

The Director of Contracts, Ms. Carolyn Lockyer, should be consulted in regards to any concerns related to the performance, technical reporting, or expenditures associated with a subaward.

Director of Contracts: [clockyer@fit.edu](mailto:clockyer@fit.edu)

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