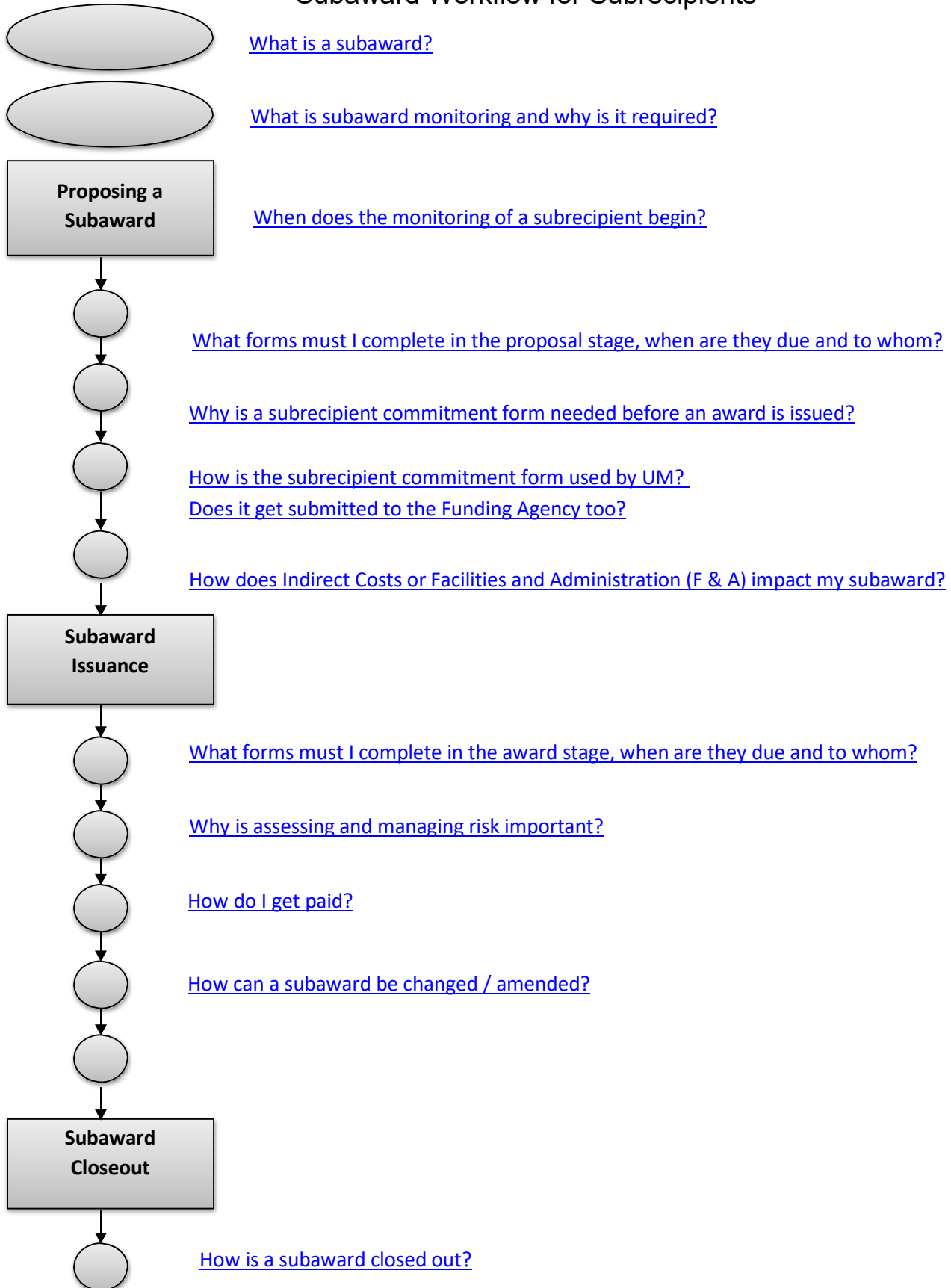


# Practical Guide to Proposing, Receiving, and Managing a Subaward from the University of Maine

## Subaward Workflow for Subrecipients



# **Subrecipient - Practical Guide to Proposing, Receiving, and Managing a Subaward from the University of Maine**

## **1. What is a subaward?**

A subaward is a written agreement with another organization (subrecipient) performing a portion of a University of Maine sponsored project (i.e., a project funded from an outside sponsor under a grant, contract, or other financial assistance agreement). The terms of the relationship (subaward) are driven by the requirements of the award that the University of Maine has received, plus any requirements that the University of Maine has added to ensure that it can adequately monitor the work and associated costs being performed. The UM Subaward Officer in the Office of Research Administration (ORA) attempts to issue a subaward as soon as possible after the University accepts its award. The UM Principal Investigator and their University department play an important role in establishing these complex transactions, as do your Principal Investigator and business office. To ensure your subaward is handled as expeditiously as possible, we ask that you follow this workflow and make sure the UM Principal Investigator and UM ORA PreAward Staff and Subaward Officer have the information they need to initiate your subaward.

## **2. What forms must I complete, when are they due and to whom? (See workflow)**

- A. Proposal Stage—before the University proposal is submitted for consideration by the funding agency (all of these forms are to be sent to UM PI. If there is a question about what form or format should be used, please contact the UM PI.)
1. Subrecipient Commitment Form (Subrecipient must have a [DUNS Number](#) and be registered in [SAM](#))
  2. Statement of Work (SOW)
  3. Budget & Budget Justification
- B. Award Stage
1. An updated version of the Subrecipient Commitment Form if more than 12 months from date of authorized signature (this form should be sent to UM Subaward Officer)
  2. Updated SOW and or budget information if requested by the UM Principal Investigator (e.g., because the award amount was significantly reduced and the work must be adjusted accordingly). These forms should be sent to UM Principal Investigator for review prior to UM PI sending to UM Subaward Officer.
  3. A copy of Annual Audit, or [Financial Status Questionnaire Form](#) if applicable. This form should be sent to UM Subaward Officer)
  4. The UM Subaward Officer sends the draft subaward agreement to the UM PI for review, edits, and approval. Upon receipt of the approved draft subaward from the UM PI, the UM Subaward Officer will send the subaward agreement to the subrecipient. The subrecipient should review and sign subaward document and return to the UM Subaward Officer with any requested documentation. If you have questions or concerns about the terms of the subaward, contact the UM Subaward Officer before signing. Once both parties have signed the subaward, you may start work.

### **3. How do Indirect Costs or Facilities and Administration (F&A) impact my subaward?**

Facilities and Administrative Costs (F&A) are costs incurred during the normal business activities of an organization that cannot be readily identified with or directly charged to a specific project or activity. F&A costs are real, auditable costs incurred by the subrecipient each time it accepts a subaward. If a federal agency or its program has a published statutory F&A cap, that rate must be used. This is also true if the sponsor is a federal or state program or non-profit organization with a published policy on the payment of F&A costs. If this is the case, the UM Principal Investigator or their departmental personnel will have told you, or it will be listed in the Funding Opportunity Announcement or proposal guidelines issued by the funding agency.

If there is no published F&A cap, and if your organization has a federally negotiated F&A rate, that rate must be used. Contact your Controller's Office or senior financial official to find out if you have a negotiated rate.

If your organization does not have, nor has ever had a negotiated F&A rate, a 10% modified total direct cost F&A rate must be used instead. The federal government calls this a "de minimus" rate – basically a modest amount that the federal government will automatically pay you to cover your F&A costs, without your having to negotiate a rate for your organization.

Your organization may volunteer to accept the subaward with no F&A costs included in the budget, but UM will not ask or recommend that you do so. Subrecipients are entitled to F&A at the applicable rate shown above and UM is committed to ensuring that subrecipients receive the F&A to which they are entitled.

### **4. When does the monitoring of subrecipient begin?**

The process of monitoring a subrecipient begins at the proposal stage. The UM PI obtains the proposal from you, the prospective subrecipient, for participation in the project, and includes the proposal statement of work and budget in the prime proposal to the awarding agency. The UM PI also obtains the completed Subrecipient Commitment Form from you. The first step in the subrecipient monitoring process starts when the UM PI reviews your proposal and determines that the proposed work and budget is acceptable for inclusion in UM's proposal.

### **5. Why is a Subrecipient Commitment Form needed before an award is issued?**

This form documents your organization's compliance with regulations and is a tool to expedite the issuance of the subaward. Having material submitted at proposal stage will allow subawards to be processed and issued more quickly.

## **6. How is the Subrecipient Commitment Form used by UM? Does it get submitted to the Funding Agency too?**

The Subrecipient Commitment Form is to be completed and signed by an authorized representative of your organization and provided at proposal stage with other proposal documents. The UM ORA PreAward staff reviews the form to verify that the subrecipient can and will adhere to certain compliance obligations, such as the appropriate use of human and animal subjects, the eligibility of the subrecipient to receive sponsor funds, and the entity's audit status. The form is used by UM and does not get submitted to the Funding Agency.

## **7. Why is Assessing and Managing Risk Important?**

UM ORA is responsible under federal regulations and University requirements to evaluate each proposed Subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward. This risk assessment is performed prior to the subaward first being issued and is refreshed at least annually.

Some of the attributes that will create subaward risk:

- A qualified audit report or failure to have a current audit report
- An incomplete or inadequate response to the audit questionnaire (used when the subrecipient is not subject to a federal audit)
- A known history of non-compliance (programmatic, compliance controls, or financially)
- History of non-performance or failure to use funds for authorized purposes
- A new subrecipient or the subrecipient is new to the type of work being performed
- A large percentage of project funds is being passed-through to the subrecipient
- The subrecipient's sponsored research portfolio is small and the subaward amount is large.
- The subrecipient has new or substantially changed systems (including its financial system)
- There are material weaknesses identified in prior year single audits.

ORA will manage any potential risk to the University by inserting additional terms and conditions into the subaward agreement. The University Principal Investigator and prime funder selects the subrecipient and ORA issues a management decision for any identified risks.

UM is also required to find out whether there is a potential conflict of interest between the UM Principal Investigator and the entity or its principals. This happens within the University so the subrecipient need not take any action itself. UM also reviews to make sure a Subrecipient is not debarred or suspended from doing work with the federal government. UM will not issue a subaward to an entity that is debarred or suspended or in the event of an unmanaged conflict of interest.

## 8. What is Subrecipient monitoring and why is it required?

It is primarily the UM Principal Investigator's responsibility to monitor the progress of the subrecipient. Subrecipients are partners in the research enterprise so it is important to identify and establish good communication with subrecipient's representatives from the beginning. UM Principal Investigators consider the following factors in monitoring the progress of their subrecipients:

- Is the work progressing according to schedule and consistent with the Scope of Work?
- Are deliverables/reports being provided in a timely manner?
- Are compliance requirements (e.g., human- and animal-subjects approvals, conflict of interest approvals, if required) up to date?
- Do invoices reflect allowable, allocable, and reasonable costs?
- Are funds being spent according to the budget and project time lines?
- Is committed cost sharing verified?
- Has the Subrecipient done an adequate job of timely requesting any needed prior approvals (e.g. items requiring prior approval will be listed in the subaward, and might include such things as unanticipated use of humans or animals, issuing a subaward to another entity, purchase of equipment, a change in the goals of the project, etc.)
- If there are unanticipated delays, has the UM Principal Investigator been notified in a timely manner of the problems that have arisen, and has a corrective action plan already been worked out?

## 9. How do I get paid?

The subrecipient sends invoices to [umsubawards@maine.edu](mailto:umsubawards@maine.edu) per the terms listed in the subaward. After review and approval by the UM Principal Investigator and UM Subaward Officer, the invoice will be paid. Invoices are paid within 30 days after receipt by the University. [Sample Invoice](#). If any programmatic reports were due during the period covered by the invoice, these reports must be submitted to and approved by the UM Principal Investigator before payment will be made.

## 10. How can a subaward be changed / amended? When does the subaward need to be changed and when can a Subrecipient simply get UM's approval without changing the subaward?

The UM PI or UM Subaward Officer determines when a subaward is to be amended. Common reasons for amending a subaward include providing additional funding, extending the period of performance or modifying the reporting schedule. It is important to note that some changes, such as scope of work changes, or a change in the Subrecipient's Principal Investigator may require prior approval of the prime sponsor (i.e. awarding agency). If a change requiring funding agency approval is required, the Subrecipient must write to the UM PI (signed by both the Subrecipient PI and the Subrecipient's institutional representative) and request the necessary prior approval. In general, Subrecipients should plan to submit their requested changed 45 days in advance of when it is needed, as time is needed both for UM to review the request and, if acceptable, to obtain agency approval.

Federal agencies normally respond within 30 days from the time UM has submitted the request. Subrecipients may not write directly to funding agencies, but must instead submit all of their prior approval requests through UM.

## 11. How is a subaward closed out?

The UM Principal Investigator is responsible for submitting any required technical, property, and invention reports and /or any other required deliverables required by the awarding agency. Failure by the Subrecipient's Principal Investigator to provide their reports and deliverables according to stated timelines can have a negative impact on submission of UM reports to the awarding agency and may impact future funding from the sponsor. Prior to UM making final payment to the subrecipient, the [Subaward Closeout](#) must be received by the UM Subaward Officer.