Sub-awards:
What is My Role?

November 19, 2019
Terminology
Award

a) Federal financial assistance that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity

b) The instrument setting forth the terms and conditions
   - grant
   - cooperative agreement
   - other agreement for assistance
Pass-through entity

- Primary award recipient (institution) which contracts a portion of the federal award scope of work to another institution
Sub-recipient

- A non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program
Most of the work on an award is typically conducted by NAU faculty and staff. However, it is sometimes determined that a portion of the award activities will be completed by a consultant or other entity outside of the University. In these cases, a legal agreement outlining the relationship between the parties and the University is required.
Sub-awards: Terminology

Diagram showing the relationship between:
- Federal Program
- Grantor Agency
- Pass-Through Entity
- Subrecipient
[A] non-federal entity may concurrently receive federal awards as
  • a recipient,
  • a sub-recipient, and
  • a contractor
depending on the substance of its agreements with federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a sub-recipient or a contractor.
**Sub-awardee vs. Contractor Relationships**

**Contractor (Vendor):**
- acts at NAU’s direction to provide specified services
- has little or no decision-making in the design or conduct or the work being done
- personnel are generally not individually identified, nor named as key personnel
- performance measured by quality of delivered services or goods
- involvement consists only in provision of a service or product which may be included in business operation reports rather than scientific publications
- Contractor agreements are overseen and processed by NAU Contracts, Purchasing and Risk Management

**Sub-awardee:**
- personnel are identified in NAU’s proposal as having key roles and actively participates in proposal development
- contributes to intellectual leadership of project, participates in the design and direction of their scope of work
- has discretion as to how their portion of the work is carried out
- may independently publish the results of their portion of the work and/or serve as co-author of program’s results, scientific articles
- performance measured by whether or not its planned contribution to the prime project has been achieved

✓ **Nature of the relationship (and agreement) is determined at the time of proposal development**
Sub-award

- An award provided by a pass-through entity to a sub-recipient for the sub-recipient to carry out part of a federal award received by the pass-through entity
  - is not payment agreement with a contractor (vendor agreement)
  - is not payment agreement with an individual that is a beneficiary of the program

Federal grant proposals that require the participation of a sub-awardee include additional forms that are submitted at the same time as the grant proposal, and are submitted by the primary applicant (pass-through entity), therefore sub-award agreements are negotiated and processed by OSP.
Regarding timeliness:

(3)...The Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper
SUB-AWARDS: WHAT IS MY ROLE

Process
When a new (prime) award is received by OSP

- PAA sets up a Project in PeopleSoft Financials
  - distributes budget, creates ProjectID & SpeedChart
  - withholds sub-award budget
  - OSP notifies PI, department, college, etc. of new award
  - NAU scope of work and Project accounting begins
- Meanwhile, GCA negotiates terms with sub-recipient institution
  - Once sub-award is signed by both institutions, the sub-recipient has authority to begin project activities according to agreed terms
- PAA releases sub-award budget
  - OSP notifies NAU PI and Department Administrator
Department Administrator initiates a two-line amount only departmental purchase order requisition for the full amount of the (obligated) sub-award

- **Line (Item) 1**: for the first $25,000
  - use Category Code 91801 (SubAwards < $25K), Account Code 750200 (SubAwards < $25K) – F&A applicable

- **Line (Item) 2**: for the remaining amount
  - use Category Code 91802 (SubAwards > $25K), Account Code 750210 (SubAwards > $25K) – F&A exempt
SUB-AWARDS: PROCESS
CREATE A PURCHASE ORDER REQUISITION IN PS FINANCIALS
SUB-AWARDS: PROCESS
CREATE A PURCHASE ORDER REQUISITION IN PS FINANCIALS

Create Requisition

1. Define Requisition
2. Add Items and Services
3. Review and Submit

Add lines to the requisition, specifying the information necessary to procure each item or service.

*Item Description: Sub Award < $25,000
*Price: 25,000.00000
*Quantity: 1
*Category: 91801
Vendor ID: 000001899
Vendor Name: Smithsonian Institute
Vendor Item ID:
Mfg ID:
Manufacturer:
Mfg Item ID:

Additional Information

Request New Item

Send to Vendor | Show at Receipt | Show at Voucher
Add or Start New Type

Add Item | Cancel
### Create Requisition

**Business Unit:** NAUBU  
**Requester:** amf656  
**Requisition Name:** Smithsonian Sub-Award

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Vendor Name</th>
<th>Quantity</th>
<th>UOM</th>
<th>Price</th>
<th>Total</th>
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<tbody>
<tr>
<td>1</td>
<td>Sub Award &lt; $25,000</td>
<td>Smithsonian Institute</td>
<td>1.0000</td>
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<td>Smithsonian Institute</td>
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<td>Each</td>
<td>177,258,000.000</td>
<td>177,258.00</td>
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</tbody>
</table>

**Origin:** DPT (Department Purchasing)  
**Currency:** USD  
**Priority:** Medium

**Total Amount:** 202,258.00 USD

**Comments:**

- Add to Favorites
- Add to Template(s)
- Modify Line / Shipping / Accounting
- Delete

**Send to Vendor**  
**Show at Receipt**  
**Shown at Voucher**  
**Approval Justification**  
**Check Budget**
SUB-AWARDS: PROCESS
CREATE A PURCHASE ORDER REQUISITION IN PS FINANCIALS

Review the details of your requisition, make any necessary changes, and submit it for approval.

Create Requisition

1. Define Requisition
2. Add Items and Services
3. Review and Submit

Business Unit: NAUBU
Northern Arizona University
Requester: amh895
Ford, Alix Madison
Requisition Name: Smithsonian Sub-Award

Origin: DPT
Department Purchasing
*Currency: USD
Priority: Medium

Requisition Lines

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<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Vendor Name</th>
<th>Quantity</th>
<th>UOM</th>
<th>Price</th>
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<tr>
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<td>Each</td>
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<td>25,000.00</td>
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</table>

Consolidate with other Reqs
Override Suggested Vendor

Shipping Line:
- Due Date:
- Ship To: WHSE-COC

Status:
- Active
Attention To:

Distribute By:
- Amt
- SpeedChart: G1002690

Liquidate by:
- Amt

Accounting Lines

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<th>Line</th>
<th>Status</th>
<th>Diet Type</th>
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<th>Percent</th>
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<tr>
<td>1</td>
<td>Open</td>
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<td>Each</td>
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<td>177,258.00</td>
</tr>
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</table>
Meanwhile, amazing collaborative research ensues, both institutions accrue costs following their own internal policies and procedures and according to the award/sub-award terms and conditions.
SUB-AWARDS: PROCESS

- Sub-recipient sends invoice for costs incurred according to agreed terms to NAU OSP
  - Fund Manager notes receipt of invoice (30-day clock starts)
  - Fund Manager reviews invoice for compliance (required language, formatting, documentation)
  - Fund Manager forwards invoice, etc. to PI with cc to Department Admin
- PI reviews invoice to assure expenses align with progress, deliverables, reasonability
  - If approved, PI communicates their approval in writing (physical/electronic signature) to Department Admin
  - If issues/concerns, PI notifies Department Admin and Fund Manager
    - stops payment process until resolved
Sub-awards: Process

- After PI approves (original or revised) invoice, Department Admin processes RC for the amount of the approved invoice
  - Receive against line 1 until spent out, then receive against line 2
  - Forward invoice, associated documents, and PI approval to Accounts Payable
- Accounts Payable processes, and system sends Voucher to OSP for final approval
  - PAA reviews payment amount and attached documentation and either
    - works with appropriate party to resolve any issues
    - releases payment

Note: Sub-award purchase orders should not be closed for fiscal year-end
## Sub-awards: Process
### ERS Grant Transactions Report, Vendor PO History Tab

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<th>Vendor Name / ID</th>
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Total for Smithsonian Institute: $0.00 $10,730.76 $219,477.24

Grand Total All Vendors: $0.00 $10,730.76 $219,477.24
Sub-recipient Monitoring
Requires pass-through entities to monitor the activities sub-recipients to ensure:

- sub-award funds are used for authorized purposes
- compliance with federal statutes and regulations
- compliance sub-award terms and conditions
- sub-awardee performance goals are achieved
Monitoring of the sub-recipient must include:

– reviewing financial and performance reports required by the pass-through entity
– issuing a management decision for audit findings pertaining to the federal award
– ensuring that the subrecipient takes timely and appropriate action on all deficiencies discovered

On an annual basis, OSP requests and reviews sub-recipient audit reports for significant findings. As deemed necessary, sub-award terms are modified to mitigate risks to NAU and the federal sponsor.
NAU Principal Investigator:

- Actively engage with programmatic counterparts
- Approve sub-recipient proposal, including budget and scope of work
- Review technical performance reports
- Review and approve of invoices relative to progress and deliverables
- Get clarification on expenses or spending trends that appear inconsistent with submitted technical/scientific progress
  - in coordination with department administrator and Fund Manager as needed
- Perform on-site visits
  - if necessary to verify compliance with scientific objectives
Departmental/Center Administrators:

- Establish sub-award purchase orders timely
- Assist PI with invoice, documentation review
- Work collaboratively with PI and Fund Manager to resolve invoicing concerns
- Process invoice payments timely
Office of Sponsored Projects:

- Review sub-recipient documents prior to submission for completeness, accuracy, compliance
- Negotiate sub-contract terms and conditions
- Hold / release budgets
- Work collaboratively to resolve issues
- Approve payments
- Monitor sub-recipient institutions for compliance concerns
SUB-AWARDS:
WHAT IS MY ROLE?

Keep in mind:

– Compliance with federal and University policies
– Relationships
– Accounting / F&As
– Burn rate
SUB-AWARDS:
WHAT IS MY ROLE?

Discussion / Questions
This presentation will be available on the OSP Website after November 26, 2019

A notification and link will be sent out to all attendees.

Email OSP-RSVP@nau.edu for more information
NAU Office of Sponsored Projects
PI and Departmental Administrator Info Session

Contacts:
– NAU.edu/OSP
– Who is My OSP Contact?
  • https://in.nau.edu/osp/who-is-my-osp-contact/