

Sub-awards: What is My Role?

November 19, 2019

Terminology

SUB-AWARDS: 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

SUB-AWARDS: TERMINOLOGY

Pass-through entity

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

SUB-AWARDS: TERMINOLOGY

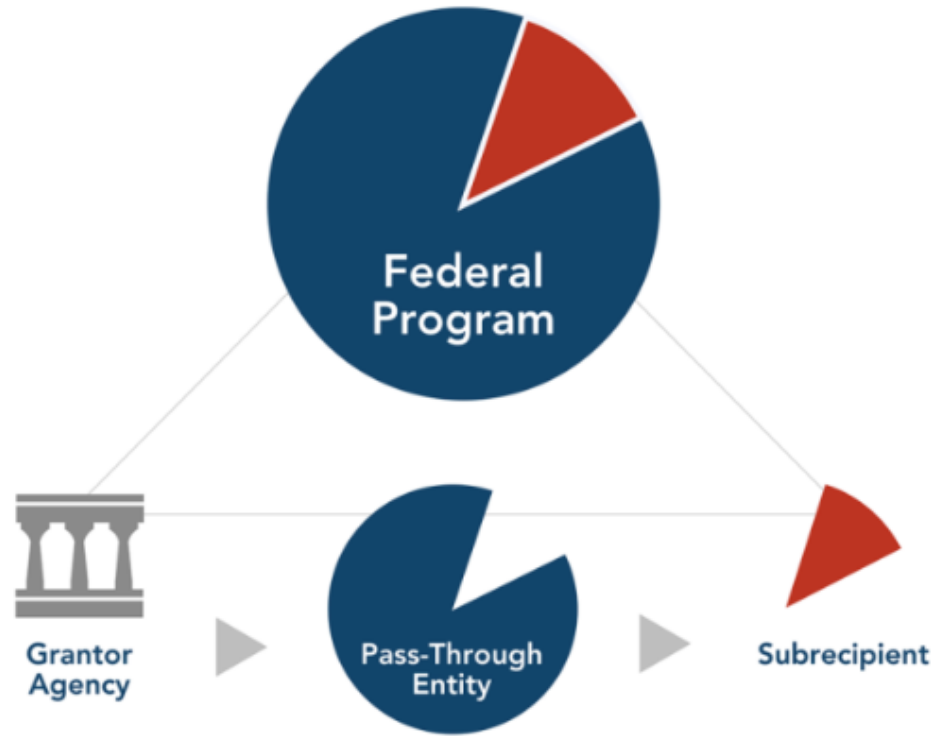
Sub-recipient

- A non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program

SUB-AWARDS: TERMINOLOGY

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



SUB-AWARDS: REGULATIONS AND COMPLIANCE

OMB 2 CFR 200.330: SUBRECIPIENT AND CONTRACTOR DETERMINATIONS

[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-AWARDS: TERMINOLOGY

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.

SUB-AWARDS: REGULATIONS AND COMPLIANCE

OMB 2 CFR 200.305: PAYMENT

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

SUB-AWARDS: PROCESS MANAGING SUB-AWARD FUNDING

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

SUB-AWARDS: PROCESS

MANAGING SUB-AWARD FUNDING

- 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

Create Requisition

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

Specify requisition name, requester, and other information that applies to the entire requisition.

Business Unit: Northern Arizona University
 Accounting Date:

Requester: Ford,Alix Madison
 Origin:

Requisition Name:
***Currency:**

Priority:

Line Defaults ?

Note: The defaults specified below will be applied to requisition lines when there are no predefined values for these fields.

Vendor:
Vendor Location:

Buyer:
Category:
Unit of Measure:

Shipping Defaults

Ship To:
Due Date:
Attention:

Accounting Defaults Personalize | Find | First 1 of 1 Last

Chartfields1 Details Asset Information									
Location	GL Unit	Fund	Dept	Account	Program	PC Bus Unit	Project	Activity	SubDept
<input type="text" value="056"/>	<input type="text" value="NAUBU"/>	<input type="text"/>	<input type="text" value="1900020"/>		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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.

Search:

Catalog Favorites Templates Forms Web **Special Request**

Special Item

*Item Description:	<input type="text" value="Sub Award < \$25,000"/>		
*Price:	<input type="text" value="25,000.00000"/>	*Currency:	<input type="text" value="USD"/>
*Quantity:	<input type="text" value="1"/>	*Unit of Measure:	<input type="text"/>
*Category:	<input type="text" value="91801"/>	Due Date:	<input type="text"/>
Vendor ID:	<input type="text" value="0000001899"/>	Suggest New Vendor	
Vendor Name:	<input type="text" value="Smithsonian Institut"/>		
Vendor Item ID:	<input type="text"/>		
Mfg ID:	<input type="text"/>		
Manufacturer:	<input type="text"/>		
Mfg Item ID:	<input type="text"/>		

Additional Information

Send to Vendor Show at Receipt Show at Voucher

Request New Item

Request New Item

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](#)

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

Business Unit: Northern Arizona University
Requester: Ford,Alix Madison
Requisition Name:


Origin: Department Purchasing
***Currency:**
Priority:

Requisition Lines

Line	Description	Vendor Name	Quantity	UOM	Price	Total
<input type="checkbox"/> 1	Sub Award < \$25,000	Smithsonian Institute	<input type="text" value="1.0000"/>	Each	<input type="text" value="25,000.00000"/>	25,000.00  
<input type="checkbox"/> 2	Sub Award > \$25,000	Smithsonian Institute	<input type="text" value="1.0000"/>	Each	177,258.00000	177,258.00  
<input type="checkbox"/> Select All / Deselect All						
Total Amount:						202,258.00 USD
 Add to Favorites		 Add to Template(s)		 Modify Line / Shipping / Accounting		 Delete

Comments

Send to Vendor Show at Receipt Shown at Voucher Approval Justification [More Comments](#)

 Check Budget

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](#)

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

Business Unit: Northern Arizona University
 Origin: Department Purchasing
Requester: Ford,Alix Madison
 ***Currency:**
Requisition Name:
 Priority:

Requisition Lines ?

Line	Description	Vendor Name	Quantity	UOM	Price	Total
1	Sub Award < \$25,000	Smithsonian Institute	1.0000	Each	25,000.00000	25,000.00
<input type="checkbox"/> Consolidate with other Reqs <input checked="" type="checkbox"/> Amt Only <input type="checkbox"/> Override Suggested Vendor						
Shipping Line: 1 Due Date: <input type="text"/> Quantity: <input type="text" value="1.0000"/> Price: <input type="text" value="25,000.00000"/>						
Status: Active *Ship To: <input type="text" value="WHSE-COC"/> Add Shipto Comments						
Attention To: <input type="text"/>						
*Distribute By: <input type="text" value="Amt"/> SpeedChart: <input type="text" value="G1002690"/> *Liquidate by: <input type="text" value="Amt"/>						
Accounting Lines Personalize Find View All First 1 of 1 Last						
Chartfields1 Chartfields2 Details Details 2 Asset Information Asset Information 2 Budget Information						
Line	Status	Dist Type	*Location	Percent	Merchandise Amt	GL Unit
1	Open		<input type="text" value="056"/>	<input type="text" value="100.0000"/>	25,000.00	<input type="text" value="NAUBU"/>
2	Sub Award > \$25,000	Smithsonian Institute	1.0000	Each	177,258.00000	177,258.00

SUB-AWARDS: PROCESS

- 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

1002690 Thermal Infrared

Contract Nbr	Vendor Name / ID	FY	Tran Dt	Acct Cd	Dept id	Doc Type	Doc Id	Doc Ln Nbr	Doc Descr	Pre Enc	Enc	Exp
14.0422	Smithsonian Institute 0000001899	2016	07/08/2015	750200	2789000	REQ	1000051226	1	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	\$25,000.00	\$0.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2016	07/08/2015	750210	2789000	REQ	1000051226	2	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	\$177,258.00	\$0.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2019	07/08/2015	750210	2789000	REQ	1000051226	2	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	\$27,950.00	\$0.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2016	08/21/2015	750200	2789000	PO	2000050289	1	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	(\$25,000.00)	\$25,000.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2016	08/21/2015	750210	2789000	PO	2000050289	2	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	(\$177,258.00)	\$177,258.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2019	08/21/2015	750210	2789000	PO	2000050289	2	Smithsonian Astrophysical Observatory Sub-Award 1002690-01	(\$27,950.00)	\$27,950.00	\$0.00
14.0422	Smithsonian Institute 0000001899	2016	08/28/2015	750200	2789000	VOU	00120557	1	Smithsonian Astrophysical Obse	\$0.00	(\$3,787.71)	\$3,787.71
14.0422	Smithsonian Institute 0000001899	2016	08/31/2015	750200	2789000	VOU	00120643	1	Smithsonian Astrophysical Obse	\$0.00	(\$2,868.77)	\$2,868.77
14.0422	Smithsonian Institute 0000001899	2016	12/04/2015	750200	2789000	VOU	00130058	1	Smithsonian Astrophysical Obse	\$0.00	(\$3,415.29)	\$3,415.29
14.0422	Smithsonian Institute 0000001899	2016	12/04/2015	750200	2789000	VOU	00130060	1	Smithsonian Astrophysical Obse	\$0.00	(\$3,520.04)	\$3,520.04

.....

Total for Smithsonian Institute										\$0.00	\$10,730.76	\$219,477.24	
GRAND TOTAL ALL VENDORS:										Sum:	\$0.00	\$10,730.76	\$219,477.24

**SUB-AWARDS:
WHAT IS MY ROLE**

Sub-recipient Monitoring

SUB-AWARDS: SUB-RECIPIENT MONITORING

OMB 2 CFR SECTION 200.331: REQUIREMENTS FOR PASS-THROUGH ENTITIES

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

SUB-AWARDS: SUB-RECIPIENT MONITORING

OMB 2 CFR SECTION 200.331: REQUIREMENTS FOR PASS-THROUGH ENTITIES

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.

SUB-AWARDS: WHAT IS MY ROLE?

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

SUB-AWARDS: WHAT IS MY ROLE?

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

SUB-AWARDS: WHAT IS MY ROLE?

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

NAU OFFICE OF SPONSORED PROJECTS PI AND DEPARTMENTAL ADMINISTRATOR INFO SESSION

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/>