

Issued: May 25, 2018

Responsible Official: Division of Research and Sponsored Programs

POLICIES

Responsible Office: Office of Research and Sponsored Programs

Policy Statement

Sponsored awards made to the University of Memphis (the University) are generally conducted within the physical boundaries of the university. On occasion, a portion of the project is conducted by one (or more) external entities referred to as Subrecipients. Uniform Guidance defines a (§200.93) a Subrecipient as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. However, a Subrecipient of the University may also receive a subaward to carry out part of non-federal programs as well.

These activities constitute a substantive, programmatic work or an important or significant portion of the research program; the research program or project is within the research objectives of the University; The University retains some element of programmatic control and discretion over how the work is carried out and require the leadership and direction of a responsible principal investigator located at the work site of the cooperating institution.

This policy details consistent practices for Subrecipient determination, issuance, reporting and monitoring of sponsored subagreements.

The Principal Investigator (PI), Departmental Business Officer/Administrator (BO), Office of Sponsored Programs (OSP), and Grants and Contracts Accounting (GCA) share responsibility for monitoring

Authority

This guidance has been established to meet federal regulations and compliance standards set forth in Title 2 in the Code of

Federal Regulations (2 CFR), Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

Purpose

The purpose of this policy is to establish practices that must be consistently applied for Subrecipient determination, issuance, reporting and monitoring of sponsored subagreements at the University.

These guidelines and procedures are provided to assist faculty and staff in ensuring that Subrecipients conduct their research projects in compliance with laws, regulations and the terms and conditions of awards and subawards, as well as ensure that project costs incurred by Subrecipients are consistent, reasonable, allocable and allowable.

Definitions

Conflict of Interest

The Subawardee and/or the Subawardee's principal have a significant financial interest in a proposal that may affect, or be perceived to affect, the results of the research proposed.

Consortium

An association or a combination of businesses, financial institutions, organizations, or investors, for the purpose of engaging in a joint venture; a cooperative arrangement.

Contractor (formerly Vendor)

An organization contracted by the University to provide a recipient or subrecipient with goods or services that are required to support the sponsored program.

Programmatic Objective

To ensure the assigned technical and/or scientific goals are met as outlined in the scope of work.

Subagreement

A contract between the University as a pass-through entity and a Subrecipient that assigns part of the performance of the Prime award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. For purposes of this policy,

where reference is made to “subagreement”, reference may be to subaward, subcontract or consortium agreement, dependent upon the nature of the prime award.

Subrecipient

A third-party organization performing a portion of the University’s sponsored agreement that creates a Federal assistance relationship. The University’s relationship with the Subrecipient is documented in a subagreement.

Subrecipient Monitoring

The University is responsible for oversight of the operations of the Sponsored award supported activities. The University must review the Subrecipients financial status and management controls to ensure compliance with applicable requirements and performance expectations. It must cover each program, function or activity

Procedures

Subrecipient Determination

The PI is integral to identifying and managing Subrecipients. When the PI recognizes that there is a potential need for a Subrecipient in a proposal, OSP is to be immediately notified to ensure timely submission of the proposal.

OSP will require a budget, justification, scope of work and Subrecipient Commitment Form (Subrecipient Proposal) to be completed for all subrecipients included in a project proposal.
http://www.memphis.edu/rsp/pdf/Subrecipient_commitment_form.pdf

Upon receipt of the Subrecipient Proposal, OSP will perform a risk analysis to determine the level of risk for subcontracting with the proposed organization/institution and will review the budget, justification and scope of work.

In consultation with the PI, and based on the risk analysis, a decision will be made regarding whether to include this subagreement in the proposal.

OSP will make a contractor (vendor, consultant) or Subrecipient determination.

Contractors (vendor/consultant). A contractor is measured by the following:

- Provides the goods and services within normal business operations;
- Provides similar goods or professional services or technical advice to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services for the sponsored project that are ancillary [of minor significance] to the operation of the Federal program;
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons;
- Does not possess ownership of intellectual property created during the research project; and
- Does not produce publications related to the research project.

Subrecipient. A Subrecipient is measured by the following:

- Responsible for helping the University meet the requirements of the prime award;
- Performs a substantive portion of the project activities which are the primary purpose of the prime award;
- Responsible for incurring project costs that are reasonable and allowable;
- Measures performance against the objectives of the Federal program; and,
- Responsible for adhering to applicable Federal program compliance requirements.
- Usually retains title to intellectual property created during the research project.
- May produce publications related to the research project

Notification of Prime Award and Issuance of Subagreement

Upon notification of the prime award, OSP will contact the Principal Investigator to obtain the updated scope of work, timing of the subcontract, review the budget justification and final subcontract budget.

Upon confirmation to proceed with initiating, OSP will draft the subagreement and forward the initial draft to the Subrecipient to begin the subagreement negotiation process.

Upon completion of negotiation and execution of the subagreement:

- OSP will provide a copy of the fully executed subagreement and Subrecipient Commitment Form to the Subrecipient, PI, Business Officer or Department Administrator, and Grants and Contracts Accounting. OSP will instruct PI and Business Officer or Administrator via email, to initiate the encumbrance process through the Procurement Office.
- The Business Officer or Departmental Administrator will initiate a requisition through Tigerbuy, and provide the subagreement and Subrecipient form to the Procurement Office so that a purchase order may be issued.
- Subrecipient may then submit periodic invoices in accordance with the Subagreement terms to the PI for review and approval for payment.
- For those awards subject to Federal Funding Accountability and Transparency Act (FFATA), OSP will coordinate with the PI, Subrecipient, Department Administrator and/or Grants and Contracts Accounting as needed to obtain required information. OSP will serve as the Authorized Official to submit required reports under FFATA.

Subrecipient Monitoring and Closeout

The PI has primary responsibility for regulatory and subagreement compliance. The PI will conduct monthly reviews of Subrecipient production for compliance with the budget and scope of the agreement. Review of programmatic reports (verbal or written) will be done to ensure appropriate and accurate Subrecipient invoice submissions. Also monthly, the PI will evaluate whether the subrecipient has new personnel or new or substantially changed systems.

Annually, Grants and Contracts Accounting (GCA) sends a Subrecipient Uniform Guidance Single Audit Confirmation Letter to each Subrecipient, requesting details of any audit findings. If the response contains any relevant audit findings, the audit findings will be shared with the PI/Department and OSP. OSP will manage any necessary changes to the subaward and monitoring requirements due to risk elevation or consider any enforcement action required of noncompliant Subrecipients.

The PI may receive informal progress reports via phone conversations, e-mail communications, or face-to-face discussions, or more formal technical reports may be required and due on specific dates. If formal technical reports are required, they are to be filed with the grant files in the department, and retained in the same manner as other grant documents. Any problems or potential problems are to be communicated to GCA and OSP immediately. If the PI only

notifies GCA or OSP, OSP and GCA agree to forward the communication to the other.

Subrecipients are required to submit an invoice to the PI supported by corroborative documents and financial information. The PI will ensure that invoices are submitted in accordance with subagreement requirements and the Prime award. If subagreement requires cost share, information specifying how the cost share was met is to be included with the invoice. Technical progress required by Subrecipients is to be reviewed by the PI. The PI's review, approval and signature of subagreement invoices confirms technical progress is being achieved in accordance with the subagreement.

The PI is responsible for the overall project management and that any Subrecipient portion is completed and that charges are reasonable, allowable and allocable to the project. The PI's signature on invoices acknowledges that work/milestones performed by the Subrecipient are acceptable, and deliverables such as reports, data analyses or required publications have been received. After the PI approves and signs the invoice, the department will receipt the invoice in Tigerbuy to offset the purchase order encumbrance. The invoice is then submitted to General Accounting for payment.

If the Subrecipient is considered medium or high risk, the invoice will be reviewed by Grants and Contracts Accounting before the department submits the invoice to General Accounting for payment.

Before the final invoice is paid, the PI must certify that all technical reports and/or deliverables and any documentation required have been received, and that the Subrecipient has fulfilled its obligations. The final invoice must be received and approved prior to the closeout of the prime award.

Roles and Responsibilities

Principal Investigator/Program Director

- Notifies OSP immediately upon identification of a potential need for a Subrecipient;
- Requests proposal package from Subrecipient (Budget, Justification, Scope of work and Subrecipient Commitment Form);
- Discloses any potential conflict of interest exists between themselves and the potential Subrecipient;

- Negotiates scope of work to be performed by the Subrecipient;
- Directs and manages fiscal and scientific aspects of the Prime sponsored agreement;
- Monitors Subrecipients to ensure compliance with federal regulations and the award terms and conditions;
- Reports any problems with Subrecipient to OSP and GCA immediately upon discovery.

Department Administrator/Business Officer

- Assists Principal Investigators in with monitoring responsibilities, reviewing invoices from Subrecipients, reviews expenditures for accuracy and in accordance with approved budget, and maintaining documentation of monitoring efforts;
- Advises OSP if there are any budget/SOW changes at the award stage;
- Establishes a requisition / PO with procurement;
- Receives invoices for PI's signature / certification, and coordinates with GCA and General Accounting for approval and payment.

Office of Sponsored Programs

- Makes vendor or subrecipient determination;
- Performs risk analysis to assess the level of risk for the potential subrecipient and provides GCA notification of subrecipient with a medium or high risk.
- Negotiates the subagreement with the Subrecipients authorized official;
- Upon notification of the prime award, notifies the PI a subagreement will be issued in accordance with subrecipient proposal and Prime award as appropriate;
- Ensures the University's sub recipient monitoring procedures are compliant with federal and other applicable regulations, and are consistent with sound business practices;
- Provides training, monitoring and guidance in interpreting and executing applicable regulations and award terms and conditions for the subrecipient award;
- Works with GCA to manage subagreements when there are issues of non-compliance;
- With GCA, evaluates and makes management decisions in regards to noncompliance/problems associated with subrecipient(s).

Grants and Contracts Accounting

- Works with OSP to manage subagreements when there are issues of non-compliance;

- Sends and reviews responses to Annual Subrecipient Uniform Guidance Single Audit Confirmation Letter;
- Works with OSP, evaluates and makes management decisions in regards to problems associated with subrecipient(s);
- Review invoices prior to payment for medium and high risk Subrecipients to ensure they meet the conditions outlined in the contract;
- Notifies PI's Department (Business officer) at close out;
- Serve as office of contact for financial reports

Related Forms

Subrecipient Commitment Form

http://www.memphis.edu/rsp/pdf/subrecipient_commitment_form.pdf

Links

University of Memphis Policy [BF 4014 - Charges to Sponsored Agreements](#)

Revision Dates

UM1721 - Issued: June 28, 2011
RE7005 supersedes UM1721

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Research	Student Affairs
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