



## Subaward Monitoring Review Process

### I. PURPOSE

The purpose of this document is to define subcontracts, identify roles and responsibilities for that requiring sub recipient monitoring, and provide guidance in fulfilling those responsibilities.

### II. DEFINITION

A subcontract is a contractual agreement between UPRM and a third party organization, corporation or another institution to perform a portion of a University sponsored project. Similar terms that are commonly used are: subaward, subgrant, subagreement, and pass through.

Typical subaward situations include arrangements in which two or more qualifying institutions work collaboratively on sponsored projects. Each institution has its own principal investigator; however, one of the collaborating institutions functions as the prime awardees and is the legal contact with the sponsor.

The following table highlights the key components of subawards and vendor relationships and should be used as a guide for proper classification. Sometimes it is difficult to tell the difference between a subaward and a vendor agreement; however the proposal budget and statement of work will provide the answer. It is the PI's best interest these are identified correctly at submission time, because performing changes after a grant is awarded will require agency's prior approval and do have an impact in the indirect cost calculations and the budget. Please contact the Pre-award Office if you have questions.

<b>Subcontract/Subaward</b>	<b>Vendor Agreement</b>
Subawardee services are uniquely designed in response to each project, and not provided commercially.	Vendor provides the goods or services commercially.
Subawardee technical lead is usually a scientific collaborator, or even a co-PI on the UPRM project.	Vendor operates in a competitive environment.
Subawardee retains rights to intellectual property.	Vendor retains no rights to intellectual property.

Subawardee participates in development and execution of statement of work.	Vendor provides the goods or services ancillary to the operation of the federal program.
Subawardee results are likely to be published in the scientific literature and/or subawardee is likely to be a co-author on a UPRM publication.	

### III. PreAward Monitoring

This process is made for each individual subaward in the proposal.

- a. Prior to proposal submission to the sponsor, the Office of External Resources or Pre-Award office (ORE, for the Spanish Acronym) requests the subaward institution to provide the following information and/or procedures:
  1. DUNS number
  2. Detailed budget and justification
  3. Statement of work
  4. Indirect Cost Agreement and Fringe Benefits rates
  5. Subaward Agreement Form—provides Sponsored Research Office Authorized Official written approval.
  6. Link or copy of the institution’s Single Audit A-133 Report—is referred to the Accounting Office for a qualified opinion. (If applicable, see [http://www.whitehouse.gov/omb/financial\\_fin\\_single\\_audit](http://www.whitehouse.gov/omb/financial_fin_single_audit))
- b. Subaward budget revision
- c. Websites are verified for compliance:
  - i. CCR Registration must be valid, <https://www.bpn.gov/ccr/>
  - ii. Should not be listed in the Excluded Parties List (<https://www.epls.gov/>), therefore institution is eligible to receive federal funds.
- d. Compliance of Ethics training and monitoring present (if required by sponsor)

### IV. SUBAWARD PROCESS

The purpose of this policy is to define only those contractual relationships that involve transfer to research or programmatic activity to another institution. The subaward must be originally included in the proposal and must be approved by the sponsor agency.

To initiate the subaward process the PI must complete, sign and return the Subaward Request Form. The sub recipient Statement of Work and Budget must be included with the Subaward Request Form.

Prior to the issuance of a subaward, the Subaward Division, R&D Legal Affairs Unit, will verify the following information about the sub recipient:

- a. Review Single Audit A-133 available. If last year Single Audit A-133 is not available the sub recipient must certify that the audit is in process and provide an estimated date of termination.
- b. CCR registration must be valid.
- c. Should not be listed in the Excluded Parties List (<https://www.epls.gov/>), therefore institution is eligible to receive federal funds.
- d. Confirm sponsors approval to the subaward.
- e. Ensure that appropriate flow down requirements are included in the subaward.
- f. Ethics training and monitoring present (if required by the sponsor).

The subaward must be prepared using the standard boiler plate available. If necessary, the legal advisor at the Subaward Division can negotiate the terms and conditions with sub recipient.

Once both parties are in accordance with the terms and conditions of the subaward, the legal advisor of the Subaward Division will complete the process of the subaward and assign a number to it.

Execution of Subaward: After the subaward documents and the appropriate attachments are compiled, the subaward is signed by the Director of the R&D Center. Two originals are then sent to the sub recipient administrative contact with instructions to signed both originals and return one fully executed subaward to the R&D Center, Office of the Director.

When both parties have assigned, the agreement is considered fully executed and legally binding.

### **Amendments of Subawards**

Subaward amendments can be issued to change the period of performance, change the budget, change the scope of work, and change the PI as well as other changes to name a few. All amendments are initiated by the **UPRM PI** completing the Subaward Modification Request Form.

Once the request form is completed and received by the Subaward Division, the legal advisor reviews the request form and the prime award. The review process is to assure that the amendment is in compliance with UPRM policies and procedures, sponsors regulations and the terms and conditions of the prime award.

Using the information provided in the Subaward Modification Request Form, the legal advisor prepares the modification and assigns a number to it.

Execution of Subaward Modification: After the subaward modification documents and the appropriate attachments are compiled, the subaward modification is signed by the Director of the R&D Center. Two originals are then sent to the sub recipient administrative contact with instructions to signed both originals and return one fully executed subaward modification to the R&D Center, Office of the Director.

When both parties have assigned, the modification is considered fully executed and legally binding.

#### V. POST AWARD MONITORING OF SUBAGREEMENTS

A separate account is established once a fully executed subcontract is received. The appropriate allocation is then transferred from the prime agreement account to the subcontract account by BO (Budget Office).

##### a. Technical Monitoring

- i. UPRM is responsible to see that the subcontractor's work is conducted and completed in a timely manner. Progress reports must be reviewed by the UPRM PI and discussed with the subcontractor as needed. These reports are usually incorporated in the overall reports submitted to the sponsor by the UPRM PI.

##### b. Fiscal Monitoring

- i. The UPRM PI should approve all subcontractor invoices and submit them to AFD (Accounting & Finance Department) for payment. AFD should verify that the proper facilities and administrative costs (indirect costs) and employee's benefits rates have been applied and direct costs were expended in accordance with the approved budget. The invoice should be checked to determine that the invoice number is correct, costs are properly allocated and the amount invoiced is within the estimated cost of the subcontract. AFD then approves the invoice and submit the payment.
- ii. No invoice will be approved for payment that exceeds the estimated cost of the subcontract, even if approved by the PI. The invoice will be returned to the PI with an explanation. AFD will then contact the subcontractor regarding the discrepancy.

##### c. Subcontracting Sample Invoice

- i. The subcontractor shall submit invoices for payment as outlined in the terms and condition of their agreement.
- ii. All subcontractors shall certify on each invoice that the costs are the actual costs as recorded in the subcontractor's record and as expended for the actual work performed per the agreement.
- iii. In order to be eligible for reimbursement invoices shall be allowable, approved costs incurred in accordance with the terms of the agreement and shall display expenses for reimbursement by budget category, identifying the total project costs, the reimbursable costs and the subcontractor's share pursuant to submitted budget. An authorized representative of the subcontractor certify on each invoice that the costs, including those requested for reimbursement and those shown as the subcontractor share, are the actual costs as records and as expended for the work actually performed in accordance with the terms of this agreement.
- iv. The subaward Division, will ask for the A-133 to verify if there is a material finding that can have a possible impact on the sub recipient relationship and will need to determine if a corrective action plan is needed.
- v. AFD will maintain regular contact with the official in charge of the administration of the subaward.

- vi. On Site Visits is a discretionary monitoring procedure that could be conducted by the AFD and PI to evaluate compliance with scientific objects and administrative systems, processes and charges.
  - vii. On annual basis, the SAD (Subaward Division) and AFD (Accounting and Finance Department) will review all active subcontracts for which monitoring is required and conduct additional review of those needing further scrutiny. Some of the factors used to determine the amount of scrutiny applied include:
    - 1. Size of the Sub recipient Award – the size of the sub recipient award will influence the amount of review and monitoring.
    - 2. Percentage Passed Through – The larger the percentage of program award passed through, the greater the need for monitoring.
    - 3. Award Complexity – Extensiveness of the regulations contained in the award.
    - 4. Prior Experience with the Sub recipient with a History of Noncompliance is all factors impacting the level of monitoring required – Organizations which exhibit any of the above characteristics may require additional monitoring.
    - 5. Type of Organizations – Organizations not subject to A-133 will require additional and different monitoring.
  - viii. Upon identification of subrecipients requiring closer scrutiny, using the above criteria, appropriate monitoring actions will be taken to ensure compliance with subcontract performance, financial terms and conditions, and all applicable federal rules and regulations. The SAD and AFD will coordinate these actions to avoid duplication of effort.
  - ix. In addition to routine monitoring procedures SAD/AFD will work with PI's to establish channels of communications with sub recipient that required further scrutiny. Administrators at such subrecipient's sites may be required to complete questionnaires for UPRM to document internal controls and grant management procedures. Subrecipients not subject to A-133 may be required to submit additional supporting documentation if circumstances warrant.
- d. Close-Out Requirements – In accordance with terms of the agreement, the subcontractor may require to submit one or more of the following documents upon completion.
- 1. Final Fiscal Report
  - 2. Final Technical Report
  - 3. Final Inventory of Property
  - 4. Final Statement of Inventions
  - 5. Small and Small Disadvantage Business Report
  - 6. Final Audit Notification if subcontractor is subject to A-133