

SUBJECT: Subaward and Monitoring Policy	Effective Date: 7/1/2023	Policy Number: 10.5.16
	Supersedes: 2/21/2017, 11/21/13, 01/25/13, 02/18/11,9/16/09	Page 1 Of 8
	Responsible Authorities: Vice President for Research Executive Director, Research Accounting Assistant Vice President for Research, Sponsored Programs	

I. Background

Florida Atlantic University is required to comply with 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) to issue, evaluate and monitor subawards and the activities of subrecipients to ensure compliance with applicable Federal regulations.

II. Purpose

The purpose of the policy is to establish subaward and monitoring procedures for both Federal and Non-Federal awards in order to provide guidance and to ensure compliance with university policies, state regulations and Uniform Guidance that include:

- 2 CFR Part 200.205 Federal awarding agency review of risk posed by applicants
- 2 CFR Part 200.207 Specific Conditions
- 2 CFR Part 200.331 Requirements for pass-through entities
- 2 CFR Part 200.501 Audit requirements
- 2 CFR Part 200.521 Management decision

III. General Statement

Research Accounting and Sponsored Programs is available to answer questions and provide assistance regarding the requirements of the Subaward and Monitoring Policy.

IV. Policy

Determining a Subrecipient: At the time of proposal, the Principal Investigator (PI) makes the initial determination on whether a subrecipient is necessary for the performance of a project. The Proposal Administrator in the Office of Sponsored Programs will review the subrecipient’s Scope of Work (SOW) and Budget and confirm the subrecipient’s role on the project.

In general, work performed by a subrecipient is conducted at another institution or entity and not at FAU. The subrecipient provides a SOW and detailed budget outlining the costs associated with the project including salary/fringe, supplies, travel, equipment, F&A, etc.

SUBRECIPIENT VS CONSULTANT VS SERVICE PROVIDER

AGREEMENT TYPE	DEFINITION	DETERMINING FACTORS	CHARACTERISTICS
SUBRECIPIENT (Subaward)	<p>A subaward is a reciprocal legal agreement whereby a research project is carried out between two or more organizations that are separate entities. The subaward is issued by the granting entity (recipient/sponsor) to a receiving entity (subrecipient). Under the terms of the Subaward, the subrecipient must perform a substantive role in the conduct of the planned research and not merely serve as a conduit of funds to another party or parties. The subrecipient shall assign a lead investigator who will serve as the Principal Investigator (PD/PI) at the subrecipient entity.</p> <p>The PD/PI at the subrecipient entity typically commits a level of effort (salary) that is predetermined with the recipient/sponsor. Subrecipients may also charge other expenses in various categorical breakdown of costs, including but not limiting to additional personnel, travel, equipment, material & supplies, tuition, F&A, and other allowable costs.</p> <p>The subaward between the recipient and subrecipient is also commonly referred to as a subcontract or subrecipient agreement.</p>	<p>A subaward will be led by an individual (subrecipient PD/PI) who will:</p> <ul style="list-style-type: none"> • Subrecipient PD/PI commits effort/salary to the study • Subrecipient PD/PI has programmatic decision-making and responsibility to the study • Subrecipient PD/PI manages technical and administrative aspects of the portion of the overall or portion of the project's • Subrecipient PD/PI will utilize facilities and/or employees of the subrecipient organization in order to carry out the project's statement of workstatement of work • Subrecipient PD/PI will perform the work as part of their institutional appointment 	<p>"A subrecipient shall:</p> <ul style="list-style-type: none"> • Abide by the terms and conditions of the subaward agreement • The subaward includes full project costs proposed by the subrecipient organization, including the subrecipient's Federally negotiated F&A rate • The terms and conditions of the prime award should flow through to the subrecipient organization • The subrecipient organization shall work within the approved budget. All costs above the approved budget must have prior approval from the recipient/sponsor • The subrecipient organization is entitled to own all data, reports, materials and inventions developed under the subrecipient entity • Subrecipients have tax identification number "
CONSULTANT (Consulting Services Agreement)	<p>A consulting services agreement is a legal binding agreement between a customer (Florida Atlantic University) and a consultant, in which the consultant provides professional services or technical advice to the customer. A consultant is an individual or entity that is not affiliated with Florida Atlantic University. Consultants generally offer only advice or propose solutions to problems, but they do not direct, carry out, or implement solutions. Consultants can provide general oversight, expertise, or help design a portion of the study. Consultants are compensated by an hourly rate multiplied by a pre-determined maximum number of hours.</p> <p>Consultants are processed through Workday as an Independent Contractor (Include a signed copy of the consulting services agreement, W-9, and Independent Contractor Checklist)</p>	<p>"A consulting services agreement will be led by an individual or entity who shall follow:</p> <ul style="list-style-type: none"> • Are not involved in programmatic decision-making or direction of the study • Do not direct, carry out, or implement solutions • Do not require use of the facilities and resources of an organization or institution • Will not perform work as part of their institutional appointment • Do not have tasks or deliverables " 	<p>"A consulting services agreement shall:</p> <ul style="list-style-type: none"> • Include a fee for the Individual or entity rendering professional services or technical advice (hourly rate x capped number of total hours) • Detail the work to be performed by the individual or entity • Require the individual or entity to carry general liability insurance at the time of agreement execution • Consultant operates in a competitive environment, where similar services are also provided to other companies • The terms and conditions of the prime award do not flow through to the consultant • If consultant is an individual they must have a social security number (entities require a tax identification number) • A consultant is considered a "work for hire" thus all intellectual property and copyrightable information is assigned to Florida Atlantic University"

<p>SERVICE PROVIDER (Independent Contractor/ Vendor)</p>	<p>A services provider outlines specific terms and conditions in which there is a promise to provide a good or service in return for a fee. The entity providing the service is often referred to as a contractor or vendor. A contractor or vendor relationship exists when Florida Atlantic University has the right to control only the end result of a service, not the way it is performed.</p> <p>Service Providers are processed through Workday as an Independent Contractor (include W-9, and Independent Contractor Checklist)</p>	<p>"A services provider may be a company or individual who shall:</p> <ul style="list-style-type: none"> • Provide a good or services of a specialized nature which cannot be performed by Florida Atlantic University • Provides a goods or services that are ancillary to the operation of the research project • Does not involve or have programmatic decisions-making authority • Operates in a competitive environment • Does not involve programmatic decisions " 	<p>" A services provider shall:</p> <ul style="list-style-type: none"> • Provides service for a fee • Define duties to be performed or delivered • University has the right to control the end result of the service • Contractors/vendors have tax identification number • Indirect cost can be applicable to total costs of the goods or services • Individual(s) who performs the actual work is generally not known • No intellectual properties rights • Must meet all contractor/vendor requirement under Florida Statutes such as insurance, licensed, or certifications "
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As a pass-thru entity on subawards, FAU is ultimately responsible to the prime sponsor for the work performed by the subrecipient on a project. The subrecipient is expected to carry out a portion of the work on the sponsored project under the direction of the subrecipient's Principal Investigator (PI).

The subrecipient is responsible for complying with all rules and regulations, including reporting requirements and any terms and conditions that flow down from the prime sponsored award.

A. Subrecipient Eligibility and Approval

Proposal stage:

Subrecipients are required to complete FAU's Subrecipient Commitment Form which is signed by both the subrecipient's Principal Investigator and their Authorized Official. The Subrecipient Commitment Form provides the institutional commitment to the project and includes information regarding the entity's financial, internal controls, policies and procedures and project specific information including compliance.

The signed Subrecipient Commitment form, subrecipient's Scope of Work (SOW), detailed budget, budget justification and URL links to their annual audit report and F&A rate agreement (if federally funded) should be uploaded to the proposal file and routed through Novelution.

To reduce the administrative burden on subrecipient entities, if a subrecipient has already submitted their financial profile information and audit report within the last 12 months, this information is not required. Additionally, institutions who have completed the on-line entity profiles through the FDP Expanded Clearinghouse are not required to complete Section C and Section D of the Subrecipient Commitment Form.

Award stage:

1. OSP Review and Subaward Initiation

Once a proposal is funded, the OSP Award Administrator submits a Subaward Initiation Form through Novelution to the Contract Services unit to begin the subaward process.

The OSP Subaward Administrator within the Contract Services unit reviews the Subaward Initiation Form and submitted documents and begins the subaward process.

2. PI Verification and Risk Assessment

The OSP Subaward Administrator requests that the PI verify the subaward information by reviewing the Scope of Work, budget and budget justification and confirms that the SOW meets the project requirements.

The PI completes and signs the PI Verification form and returns to the Office of Sponsored Programs.

Upon reviewing the subrecipient documents, the OSP Subaward Administrator will determine:

- If the organization is excluded from receiving federal funds by reviewing the System for Award Management (SAM). If the subrecipient has active exclusions or is delinquent on federal debt, they are not permitted to receive federal funds.
- If the organization is sanctioned by reviewing the Office of Foreign Assets Control (OFAC) Sanctions List. If the organization is listed, they are not permitted to receive federal funds.

The OSP Subaward Administrator will conduct a risk assessment using the Federal Demonstration Partnerships (FDP) risk assessment tool and will assign a risk level of low, medium or high based on a standard scoring system.

Low – the subrecipient is another educational institution that consistently has good audit reports with no potential audit findings

Medium – the subrecipient has previous audit findings or failed to submit timely programmatic reports

High – lack of documented internal controls, no previous experience with subrecipient, foreign institution, no audited financial reports, financial reports submitted are not in English (foreign language), subaward is more than 75% of the prime award

OSP will inform the PI if approval is denied or if the risk level assessed is high.

OSP will review the Subaward Commitment Form questions regarding research subjects, EH&S safeguards, export controls and conflict of interest and obtain appropriate approvals, if needed.

If the subrecipient does not have a compliant financial conflict of interest policy, and the sponsor requires such policy, the subrecipient will be required to follow FAU's Financial Conflict of Interest policy.

OSP will draft the subaward agreement between FAU and the subrecipient using an approved FDP or FAU subaward agreement template.

Once agreement is fully executed, OSP will forward copies of the subaward documents including the fully executed subaward agreement to the PI, department administrator and Research Accounting. Research Accounting will initiate a Supplier Contract (Requisition).

B. Monitoring Subawards (**Federal and Federal Flow-Through Only**)

1. The Principal Investigator is responsible for the following monitoring areas:

- a. Establish and maintain channels of communication with the subrecipient.
- b. Perform on-site visits, if applicable. These visits could be conducted to evaluate compliance with the scientific objective of the project.
- c. Review and approve invoices to ensure that expenses are:
 - Submitted in a timely manner
 - Allocable and reasonable (refer to the Criteria for the Allowability of Costs on Federal Awards)
 - Incurred within the period of performance
 - Aligned with technical progress
 - Cost-sharing is appropriately reflected, if applicable
- d. Review financial and programmatic reports to ensure that performance goals are achieved; and identify any problems in carrying out the project. In some cases, subaward terms may require specified deliverables in addition to or in lieu of technical reports.
- e. Follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through on-site reviews, if applicable.
- f. The PI is required to complete an Annual Subaward Verification Form issued by Research Accounting; typically 12 months after the start date.

If changes are requested by the subrecipient regarding project end dates, budget amount, or Scope of Work, contact the Office of Sponsored Programs for guidance on whether an amendment should be issued.

- g. Upon the end date of the subaward agreement, the PI must complete a Close-out Subrecipient Verification Form, to document the PIs confirmation that all requirements were met by the subrecipient; typically 90 days after the end date.

2. Research Accounting will be responsible for the following monitoring areas:

- a. Review and maintain audit documentation for monitoring efforts on the following types of entities:
 - i. Non-Profit:
 - Obtain annual audit reports, if applicable.
 - Review annual audit reports and document findings, if any.
 - Any material finding related to the project will be referred to General Counsel and Sponsored Programs.
 - Research Accounting will determine whether the subrecipient carrying out the project may need to be monitored more rigorously.
 - Research Accounting will notify the Principal Investigator and Sponsored Programs

if additional monitoring will be required.

ii. For-Profit:

- Obtain annually audited financial statements, if applicable. Note: For-Profit entities are not required to disclose financial statements.
- Review financial statements and refer any concerns to General Counsel and Sponsored Programs.
- Research Accounting will determine whether the subrecipient carrying out the project may need to be monitored more rigorously.
- If the subaward amount is in excess of \$500,000, a discretionary audit may be performed sometime during the life of the subaward agreement. Although these audits are generally infrequent, they are considered an acceptable monitoring practice under federal regulations; the University's subawards contain a "right-to-audit" clause.
- Audit documents requested could include, but are not limited to: payroll certifications or timecards, copies of expenditure receipts and/or invoices as well as travel charges and cost share documentation, if applicable.

iii. Foreign:

- Foreign subcontracts are associated with increased risk, which may require a greater degree of review, evaluation and attention therefore; pre-award or discretionary audits may be required.

b. Research Accounting will assist the PI in monitoring the following activities:

- i. Issue and maintain the Subrecipient Verification Forms for the Annual reviews and close-outs.
- ii. Review financial reports required by the pass-through entity.
- iii. Follow-up and ensure subrecipients take timely and appropriate action on all deficiencies detected through audits.
- iv. Issue a management decision for audit findings, if applicable.
- v. Discretionary audits of subawards are considered acceptable monitoring practices under federal regulations; the University's subaward agreements contain a "right-to-audit" clause. Audits could be performed, but are generally infrequent.

C. Non-compliance of subrecipients:

Failure of a subrecipient to provide requested documentation or to address any concerns 'may' require FAU to take the following action:

1. Temporarily suspend or withhold cash payments pending correction of the deficiency by the subrecipient.
2. Disallow all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate the subaward.
4. Initiate suspension or debarment proceedings
5. Withhold further Federal awards for the project or program.
6. Take other remedies that may be legally available.

V. Definitions

Award Administrator means the administrator in the Office of Sponsored Programs responsible for the non-financial post-award activities of a sponsored award.

Authorized Official means an official of the University authorized by the President to bind the University for all Division of Research grants and contracts.

Pass-Through Entity means a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The pass-through entity assumes responsibility for negotiation, issuance, oversight, and management of a subaward.

Principal Investigator means the individual responsible for the technical compliance, compliance, completion or programmatic work, fiscal stewardship, and administrative compliance requirements of the research project.

Proposal Administrator means the administrator in the Office of Sponsored Programs responsible for the review and approval of proposals submitted to external sponsors on behalf of the University.

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a sponsored award received by the pass-through entity.

OSP Subaward Administrator means the administrator in the Office of Sponsored Programs responsible for the development and execution of subawards and amendments issued under a sponsored research project.

Subrecipient means 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.

VI. Accountability

The Principal Investigator, Grant Manager, Research Accounting and Sponsored Programs are responsible for issuing subawards and subrecipient monitoring. Refer to the Subaward and Monitoring Guidance Grid for a summarized listing of subaward and monitoring responsibilities.

VII. Annual Review of Procedures Manual

The Subaward and Monitoring Policy will be reviewed as necessary.

POLICY APPROVAL

Initiating Authority

Signature: _____

Date: 7-13-2023

Gregg Fields, Ph.D, Interim Vice President for Research