

Case Western Reserve University

Policy and Procedures for Subawards Issued on Sponsored Project Accounts

PURPOSE

The purpose of this document is to inform faculty and staff of the policies and procedures involved in issuing subawards to collaborating entities (e.g., other universities or businesses). Subaward Agreements are used to facilitate performance of and payment for a specific scope of work conducted by a collaborator in support of the primary award received by Case Western Reserve University.

DEFINITION AND CHARACTER OF A SUBAWARD

*Subaward means an award of financial assistance in the form of money, or property in lieu of money, made under an award (grant or other agreement) by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award."*¹

Subawards may be called subcontracts, subagreements, subgrants, purchase orders, etc., and they may have the appearance of procurement agreements in format and language. However, these agreements are forms of "financial assistance" and do not constitute a "procurement action" as characterized by federal regulations.

A subaward does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts which are entered into and administrated under procurement laws and regulations.

Subrecipient and Vendor Determinations²

A **subrecipient** organization is one that:

- Has its performance measured against whether the objectives of the sponsored project are met;
- Has responsibility for programmatic decision making;
- Has responsibility for adherence to applicable federal program compliance requirements; and
- Uses federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Characteristics indicative of a payment for goods and services received by a **vendor** are when the organization:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;

¹ As defined in Office of Management and Budget (OMB) Circular A-110 "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations."

² As defined in OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and
- Is not subject to compliance requirements of the federal program.

NOTE: Principal Investigators using vendor services (e.g, consultants) must follow the guidelines for Independent Contractors at: <http://www.case.edu/finadmin/matsupp/procurement/indcont.html>

SUBCONTRACTING PROCEDURES

The process of issuing and monitoring subawards typically begins at the time of proposal submission and involves collaboration among the **Principal Investigator (PI), the Office of Sponsored Projects Administration (OSPA) or the SOM Office of Grants & Contracts (OG&C), Department Administrator(s), and Purchasing**. In most cases, subrecipient organizations (e.g., consortium members) are identified at the time of proposal submission by CWRU to the primary sponsor (e.g., NIH). Permission to contract portions of any project is generally granted by the primary sponsor as either a provision of the original proposal/award or following a subsequent request for approval (e.g., clinical trial site agreements where enrollment occurs following receipt of award).

Who is Responsible for What?

The **OSPA or OG&C** is responsible for securing from the **Principal Investigator** the required documentation for all consortium costs and/or subcontracts prior to authorizing the overall proposal submission. **The School of Medicine OG&C will not authorize submissions without the required materials outlined below.**

The **Principal Investigator (PI)** must secure the following items from consortium members/subcontractors **prior to submission** of the overall proposal:

- 1) Individual work statement or reference to composite Research Plan;
- 2) Budget(s) meeting the requirements of the sponsor and CWRU³.
- 3) A Face Page (e.g., PHS 398) or formal letter of commitment signed by an authorized institutional official certifying participation in the work statement or Research Plan and assurance regarding accuracy and reasonableness of the budget and institutional compliance with applicable regulations and agency-specific requirements.
- 4) If submission is to NIH, a Checklist is required from each consortium member

Following establishment of Subaward Agreements, **PIs are responsible for reviewing and approving invoices for payment by CWRU.** Submission of invoices for payment by the department certifies that a subcontractor has demonstrated an acceptable level of progress according to the work statement or Research Plan and all reports or deliverables have been received according to the terms of the Subaward Agreement.

OSPA and OG&C:

³ These costs are included as direct costs in the University's total budget. When calculating facilities and administrative costs (indirect costs) on the total direct cost, the amount of each subaward exceeding \$25,000 is excluded from the base.

Upon receipt of official award notice and assignment of Speed Types for each subcontract, the **OSPA or OG&C** initiates Subaward Agreements with all approved consortium members/subcontractors as outlined below.

- 1) **OSPA or OG&C** prepares the Subaward Agreement according to the terms of the primary award and forwards signed agreement(s) to collaborator(s) for review and execution.
- 2) Upon receipt of fully-executed Subaward Agreement(s) from collaborator(s), **OSPA or OG&C** distributes to the **Department Administrator** and **Principal Investigator** the signed agreement(s) with detailed instructions to the department for establishing a Purchase Order to encumber funds for the Subaward Agreement(s) in order to process invoices received. The department and PI also receive a **Certification Memorandum** required for processing payments to consortium members/subcontractors according to the terms of the Subaward Agreement.

The **Department Administrator** (or designee) must create a requisition within PeopleSoft. A copy of the fully-executed Subaward Agreement must be attached to the requisition. **NOTE: Neither OSPA nor OG&C will forward copies of fully-executed Subaward Agreements to Purchasing.** A blanket Purchase Order is created by **Purchasing** from the requisition. If **Purchasing** does not receive the required documentation from the **department**, invoices will not be paid and returned to the generating department.

PAYMENTS TO SUBCONTRACTORS

Invoices itemized by major cost category must be submitted by consortium members/subcontractors to the University's Financial Contact as specified in the Subaward Agreement. Invoices are submitted by the **department** to **Accounts Payable** along with a signed **certification memorandum** attesting to the accuracy of charges and completion of required tasks or acceptable progress to date.

Advance Payments: Payments will not be made in advance unless permitted by sponsor and specifically negotiated at the time of award and approved by the **OSPA or OG&C**.

AMENDMENTS

Amendments are prepared and issued by **OSPA or OG&C** upon receipt of changes to the primary award (e.g., time extensions, funding increases/decreases). Agreements may be amended only to the extent allowed by the primary award. **OSPA or OG&C** execute Amendments with consortium members/subcontractors and distributes documents to **Department Administrator** and **Principal Investigator** along with directions to department to submit a requisition in PeopleSoft to amend the existing Purchase Order according to the Amendment (e.g., increase funding, extend end date). The **Department Administrator** must forward to **Purchasing** a copy of the Amendment with the requisition number. **NOTE: Neither OSPA nor OG&C will forward copies of fully-executed Subaward Agreements to Purchasing.** If **Purchasing** does not receive the required documentation to amend the purchase order, **invoices will not be paid and returned to the generating department.**