

RAOR Forum

September 18, 2013

**Moderators: Raymond Norris
Terri Hollis**

Topic: Subawards-Outgoing

Intro/Summary

What is a Subaward?

A subaward is a legal document by which the University procures the services of another entity in support of a project for which the University has secured external funding. The other entity will perform a substantive part of the work.

A subaward is written under the authority of the prime award or agreement and specifies the terms and conditions under which the parties will engage in the work. This also includes the requirements of the funding agency to which the third party (subrecipient) must adhere (flow down terms and conditions).

Who is involved in the Subaward?

Prime Recipient: This is the entity (University of Tennessee) receiving the grant, contract, or cooperative agreement from the funding agency (sponsor).

Subrecipient: entity, organization or institution to which a subaward is made and which is accountable to the prime recipient (The University of Tennessee) for the use of funds provided.

Roles & Responsibilities of Prime Recipient:

The PI and prime recipient (University of Tennessee) are responsible for monitoring the progress of the subrecipient including but not limited to:

PI's responsibility: Verifying the work is being performed to the satisfaction of the prime. PI is responsible for overall scientific and technical progress of the subaward. PI is responsible for reviewing and approving invoices. He or she is also responsible for ensuring that all deliverables required by the subaward are being met.

Office of Sponsored Programs (OSP) responsibility: Similar to the Grants Management Office of the prime award (sponsor). Sending and receiving awards/amendments to add additional time and/or funding. Clarifying award terms and providing prior approval if necessary.

Questions / Discussion

Q: Why send a Non-Competitive Justification (NCJ) form when the information is already in the proposal?

A: It is a TN State legislative requirement.

Q: If the subrecipient is named in the proposal/award, could we streamline the process?

A: OSP would love to streamline the process, but we cannot change State requirements. OSP has discussed proposing ideas to modify the legislation.

Q: Going into year 2 or 3 of funding, should we spend out previous money before giving subrecipient more money? Do we need to give them the next increment?

A: The PI makes this determination. The PI should monitor the subrecipient and work with OSP to authorize extensions or increments as needed. If the PI wants to grant an extension, he or she needs to go through the appropriate process, which includes making sure the prime contract is still in effect. Also, remember that only authorized University officials may legally bind the University.

A revised step-by-step process for subawards will be distributed soon and will also be available on OSP's website.

Q: We do not do many subawards. What do I have to do?

A: Call or email Terri Hollis (tbokros@utk.edu / 974- 1804) or Raymond Norris (rnorris6@utk.edu / 974- 1165) in OSP with questions. Requirements for NCJs have changed; if the total value exceeds \$2,000 the NCJ must be completed. OSP will help.

Q: Why are some subawards being paid as professional fees? The departments are coding invoices with general ledger codes for subawards, but the Treasurer's Office might pay everything under general ledger code 446.

A: OSP will talk to the Treasurer's Office to determine why the coding changes are occurring.

Q: What if the Treasurer's Office rejects an invoice because it is over line-item budget?

A: PI should be able to approve a rebudget and send to the Treasurer's Office after the rebudget is reviewed by the OSP. OSP will get clarification from the Treasurer's Office.

Q: A proposal totals \$100,000. Of this amount, \$60,000 is going to a subcontractor off campus and \$40,000 is staying on campus with the UT PI. Should this project be classified as off campus or on campus?

A: On campus. F & A determination for UT is based on the work UT is completing on the project and where the work is taking place. The subcontractor will account for their F & A recovery based on where they are completing their work.

Q: How do you terminate a subcontract early if the subrecipient does not complete the work?

A: Contact OSP immediately so that an amendment to the agreement can be processed and then the unspent funds can be deobligated. The PI should immediately complete a stop work order.



Points to remember:

- It is helpful to OSP if the subrecipient completes a subrecipient commitment form and FDP Attachment 3B and 3B Page 2 forms at the proposal stage. The more information the better.
- All subcontracts should be charged using general ledger code 481000 for the first \$25,000 of any single subcontract for the life of the award and 482000 for that amount of any single subcontract for the life of the award that exceeds \$25,000. Professional services contracts should be charged using general ledger account 437500. This is very important because it affects F&A charged to the sponsor.
- Additional information is available in Fiscal Policy FI0230, Subcontract Monitoring:
https://my.tennessee.edu/portal/page?_pageid=34,140536&_dad=portal&_schema=PORTAL&_policy=FI0230
- Please do not hesitate to contact Raymond Norris or Terri Hollis in OSP with questions.