



Subaward Procedures

For Sponsored Agreements

Sponsored Projects
Administration

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The purpose of this document is to assist faculty and staff in ensuring that subrecipients conduct their portion of research projects in compliance with laws, regulations, and terms and conditions of awards and subawards. Frequently used terms are defined, and an overview of oversight responsibilities is included.

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New Mexico Institute of Mining and Technology (NMIMT) is ultimately responsible for all payments made from a sponsored project including payments to subrecipients. A subrecipient is a third-party organization performing a portion of NMIMT's scope of work as proposed to a funding agency. However, NMIMT is still responsible for management of project funds and meeting performance goals specified in sponsored agreements. The subaward procedure does not address agreements for consulting services or purchase orders for equipment, materials, or

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The following is a tip often used by institutions to test if a subrecipient relationship exists:

Whether an individual at the subrecipient entity could be the co-author of
scientific publications

SUBAWARD or CONTRACT

SUBRECIPIENT	CONTRACT
x An assistance relationship	x A procurement relationship
x Contributes substantively to the scientific conduct of the project	x Provides goods and services within normal business operations
x Performance measured against federal program objectives	x Provides similar goods and services to many purchasers
x Responsible for programmatic decision-making	x Normally operates in a competitive environment
x Adheres to applicable federal program requirements	x Provides goods or services that are ancillary to the federal program
x Uses federal funds to carry out a program for public purpose specified in statute, as opposed to providing goods or services for the benefit of the pass-through entity	x Not subject to compliance requirements of the federal program

Subawards to Federally Funded Research and Development Centers and National Labs

Although the relationship of a Federally Funded Research and Development Center (FFRDC) or a National Lab (NL) to NMIMT may be considered, by the nature of the work, to be that of a subrecipient, although a Federal solicitation may require that the FFRDC/NL be treated as a subrecipient, and although the University may choose to treat these arrangements as subrecipient arrangements for the purpose of the collection of overhead, FFRDCs/NLs are not allowed to accept subawards from non-federal entities, and no subaward is issued by NMT. The FFRDC/NL will issue a contract to NMT under a Strategic Partnership Projects Funds-In Agreement [Work for Others] program and the contract is governed by the terms and conditions established for those programs. The requirements of 2

NMIMT, as an educational institution, is bound by the regulations stated in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The CFR requires that the prime recipient NMIMT be responsible for activities of the subrecipients, monitor their performance, and review their audits (2 CFR 200.331).

Responsibilities of the pass-through entity/NMIMT (2 CFR 200.33) include:

1. Identifying federal awards made by informing each subrecipient of the Catalog of Federal Domestic Assistance (CFDA) title and number, the award name and number, the award year, whether the award is Research and Development (R&D), and the name of federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the federal award. 2 CFR 200.331(a)(1)
2. Advising subrecipients of requirements imposed on them by federal laws, regulations, provisions of contracts or grant agreements, as well as any supplemental requirements imposed by the pass-through entity. 2 CFR 200.331(a)(2)
3. Ensuring that an approved federally recognized indirect cost rate has been negotiated between the subrecipient and the Federal government or, if no such rate exists that either a rate negotiated between the pass-through entity and the subrecipient or a de minimis indirect cost rate is used. 2 CFR 200.331(a)(4) and 2 CFR 200.414(5)(F)
4. Monitoring the activities of the subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. 2 CFR 200.331(b)(4)(d)
5. Ensuring that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. 2 CFR 200.331(f)
6. Issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report and assurance that the subrecipient takes appropriate and timely corrective action. 2 CFR 200.331(d)(3) and 2 CFR 200.521(d)
7. Considering whether subrecipient audits necessitate adjustment of the pass-through entity's own records. 2 CFR 200.331(g)
8. Requiring each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with these guidelines. 2 CFR 200.331(a)(5)

A. Pre-award

The Principal Investigator (PI) determines the need for a subaward and identifies a subrecipient. For the initial proposal to an external agency, the PI requests a proposal and letter of commitment for the proposed work from any potential subrecipient(s). The proposal should include the budget for the subawardee's portion of the project, a narrative budget justification, a scope of work, and a copy of the proposed subawardee's negotiated overhead rate agreement. If the subaward has cost share requirements that are to be satisfied by the subrecipient, then the subrecipient proposal should quantify the value of their contribution. All of this information should be submitted to Sponsored Projects Administration (SPA) for review prior to the initial proposal submission to the agency.

B. Post-award – Subrecipient Monitoring Process

Once the proposal has been funded, the PI should provide the appropriate subawardee contact information to the Sponsored Projects accountant so that a completed Subrecipient Status Questionnaire (Exhibit 1) or the FDP Organizational Profile can be obtained from the subrecipient. Using the Subrecipient Status Questionnaire or the FDP Organizational Profile and the Risk Analysis Matrix (Exhibit 2), the PI may be asked to assist Sponsored Projects in determining whether or not additional risk mitigation steps should be taken. **High-risk** subrecipients may be asked to submit supporting documentation in the form of original receipts, copies of payroll records, or audits.

When the risk assessments complete and the subaward has been fully executed, SPA will send a copy of the fully executed subaward to the PI/department. The PI/department will attach the subaward to a Requisition for a purchase order, noting on the face of the Requisition that the resulting purchase order is to be sent to the subawardee's financial contact as shown in the subaward document. As the Purchasing Policy states: "Subawards proposed to and approved by external funding agencies and administered by NMIMT Sponsored Projects Administration (SPA) are not considered procurements and shall be processed independently through that office and in accordance with SPA policy. Sole Sourced documentation is not required. The Purchasing office will continue to process requisitions and issue purchase orders for subawards."

Note: If a subaward has not been included in the original proposal as accepted by the agency, agency approval for a subaward must be requested and granted (2 CFR 200.407) and a Determination of Sol

Additional elements for the PI to consider when certifying the invoices include the following:

- x On-site visits may be conducted at the discretion of the PI to evaluate both compliance with the scientific and technical objective of the project and the appropriateness of the subrecipients administrative systems, processes, and charges.
- x The PI may make regular contact and appropriate inquiries of work performed.
- x The PI may consider providing training and technical assistance on program-related matters.
- x Discretionary audits of subrecipients are an acceptable monitoring procedure under federal regulations, and all of the subcontract agreements contain a right-to-audit clause. Formal audits may be performed when circumstances warrant such a review. It is permissible for NMIMT to hire an auditor to perform this review and direct charge the expense to the project, if approved by the

B.

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f Total compensation and names of top five executives if more than 80% of annual gross revenues from the Federal government and those revenues are greater than \$25 million annually, and if compensation information is not already publicly available through reporting to the SEC or under Section 6104 of the Internal Revenue Code of 1986.

If a subaward is requested after a prime contract is executed and no FFATA information has been obtained then the contract administrator should obtain this information when a subaward is presented (if required). The subaward will not be fully executed until the FFATA information is obtained.

The FFATA report must be submitted by the end of the month of the award. (FFATA 0 Tw 0) .00ntr

Subrecipient costs are tracked separately in the general ledger by usage of the BANNER FUND code

The federal government only allows for advance funding in rare circumstances when a subrecipient lacks sufficient working capital to perform the work (2 CFR200.305)

In the rare event that an advance is made to a subrecipient, care should be exercised to ensure that NMIMT advances only the amount needed to cover short term working capital needs.

Per 2 CFR200.332, with prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in 2 CFR200.201.

Both these types of arrangements should be approved by the funding agency and documentation must be obtained supporting that work has been performed in accordance with the agreed upon Statement of Work and proof maintained that work has been completed.

All state and local governments, colleges and universities, and nonprofit organizations that expend \$750,000 or more of federal awards in a fiscal year must have a single audit performed. **This is a valuable and primary monitoring tool for NMIMT.** The following components of a subrecipient's single audit report are reviewed as part of NMIMT's monitoring efforts:

1. The auditor's opinion on the financial statements.
2. The auditor's report on internal control.
3. The auditor's report and opinion on compliance with laws and regulations that could have an effect on major programs.
4. The schedule of findings and questioned costs.
5. The subrecipient's corrective action plan.

Sponsored Projects Administration runs the Subrecipient Report at the end of the fiscal year to identify all subrecipients of federal funds. While "for-profit" entities are not subject to 2 CFR 200 Subpart F, NMIMT sends an annual audit certification letter to all subrecipients. A master log is maintained as letters are sent and received in order to track outstanding requests. A copy of each individual subrecipient audit certification is kept on file.

In the event audit findings do exist, NMIMT is obligated to issue a management decision for audit findings pertaining to the Federal award provided to the subrecipient as required by 2 CFR 200.331(d)(3) and 2 CFR 200.521. NMIMT should obtain a corrective action plan from the subrecipient and determine if cost adjustments are required on the project(s). Fill out the Audit Monitoring Form (Exhibit 7) to document the review of the audit certification and the remedial steps taken.

A subrecipient who is unable or unwilling to have the required audits, permit monitoring activities, and/or correct non-compliant conduct may lead to sanctions by NMIMT (2 CFR 200.338). Examples of sanctions may include withholding cash payments pending correction of the deficiency, disallowing all or part of the cost of the activity or action not in compliance, wholly or partly suspending or terminating the subaward, initiating suspension or debarment proceedings as authorized under 2 CFR 180, withholding further Federal awards for the project or program, or taking other remedies that may

A. State and Federal Awards

[Subrecipient Status Questionnaire-Exhibit 1](#)

[Subrecipient Assessment Matrix - Exhibit 2](#)

[Subrecipient Risk Assessment Form – Exhibit 3](#)

[Application for Determination of Sole Source Procurement – Exhibit 4](#)

[Regent Notification Memo – Exhibit 5](#)

[Annual Audit Certification Letter – Exhibit 6](#)

[Audit Monitoring Form – Exhibit 7](#)

[Closeout Letter – Exhibit 8](#)

[Subagreement Template](#)

[Subagreement Exhibit A: NMIMT “Vendor ” Registration Form](#)

[Subagreement Exhibit B: Certificate of Current Cost or Pricing Data](#)

[Subagreement Exhibit C: FFATA Form](#)

[Subagreement Exhibit D: Reporting Requirements](#)