


WASHINGTON STATE UNIVERSITY



Subcontracting

Presented by:
Anke Moore, SPS
Lucas Sanchez, ORSO

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WASHINGTON STATE UNIVERSITY

Recording date of this workshop is
March 15th, 2019

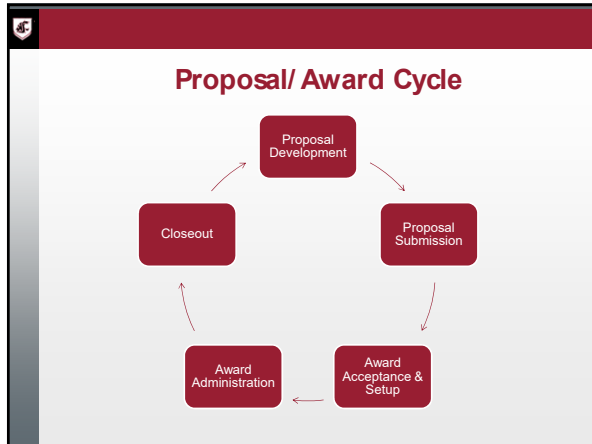
Some of the rules and procedures discussed
in this workshop are subject to change.

Please check university resources
before relying exclusively
on this recorded presentation.

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Overview

- Proposal/Award Cycle
- Definitions
- Subcontracts vs Personal Services Agreements
- Changes from the "Uniform Guidance"
- Roles and Responsibilities
- Risk Assessment
- Sub-recipient Monitoring
- Examples of Audit Results



Definitions

What is a *subcontract*?

- ❖ "...an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity."

What is a *subrecipient*?

- ❖ "...a non-Federal entity that receives a subcontract 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."

[Uniform Guidance 2 CFR 200](#)


Subcontract vs. Personal Services Agreement – ORSO Guideline 22

Subrecipient	Vendor
<ul style="list-style-type: none"> • Carries out SOW/Co-PI • Performance measured w/meeting objectives • Authority for administrative decisions • Responsible for program compliance 	<ul style="list-style-type: none"> • Provides a service available to many • Operates in a competitive environment

Remember!
When making your determination, the *substance* of the relationship is more important than the form of the agreement.


“I have been awarded, now what?” – Subagreement Initiation Process

1. Check ORSO's approved subrecipient list
2. If subrecipient is not on list, perform financial review: audits, financials,
3. Send completed forms to ORSO
 1. Sub initiation form →
 2. SOW
 3. Budget
 4. Budget justification
 5. F&A rate agreement if applicable
 6. FCOI/RCR form as applicable

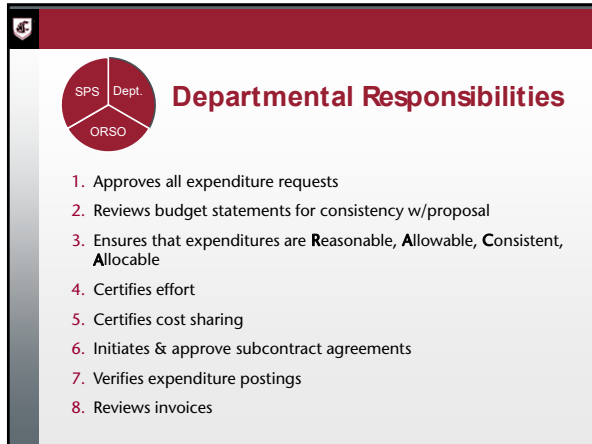


New Form Coming Soon!

- Minimize back and forth questions
- Provide proper tools for accurate subaward writing
- Increase overall university compliance
- Fillable form with links
- Will be moving towards online submission form, i.e. the [Change Request Form](#)







Departmental Responsibilities

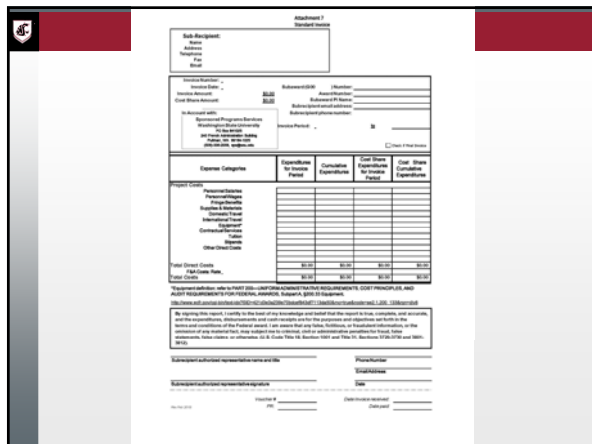
1. Approves all expenditure requests
2. Reviews budget statements for consistency w/proposal
3. Ensures that expenditures are Reasonable, Allowable, Consistent, Allocable
4. Certifies effort
5. Certifies cost sharing
6. Initiates & approve subcontract agreements
7. Verifies expenditure postings
8. Reviews invoices



Departmental Responsibilities Reviewing Invoices

Ensure that subcontract invoice includes:

- Contract #
- Invoice time frame
- Invoice total & cumulative totals are clear
- Expenses are w/in period of performance
- Correct math
- Expenses itemized
- Certification
- Deliverables/reports have been met or submitted



**Attachment 7
Standard Invoice**

Sub-Budget:
Name: _____
Address: _____
Telephone: _____
Mail: _____

Invoice Number: _____ Subcontract #/ID: _____
 Invoice Period: _____ Amount: _____
 Order Work Account: _____ Approved PI Name: _____
 PI Number: _____ Subcontract/PI Number: _____

In Accordance with:
 Washington State University
 Revised General Conditions
 of the Master
 Agreement for
 Subcontracting
 Services
 Open Period(s)

Expense Category	Expenses for Invoice Period	Contract Expenses	Cost Share Percentage Budget	Cost Share Cumulative Expenses
Personnel/Supplies				
Printing/Reproduction				
Books & Materials				
Telephone/Fax				
Travel				
Equipment				
Construction				
Supplies				
Other Direct Costs				
Total Direct Costs	\$0.00	\$0.00	\$0.00	\$0.00
Total Costs	\$0.00	\$0.00	\$0.00	\$0.00


*Expenses include only what you incur. Do not include indirect costs. PRINCIPLES AND GUIDELINES FOR THE REVIEW, CHECKING, SIGNING, AND BILLING OF INVOICES.

We warrant that we will comply with the terms and conditions of the contract, including, but not limited to, the provisions of the Master Agreement for Subcontracting Services, and that we will not subcontract any portion of the work to any other party without your prior written approval. We warrant that we will not subcontract any portion of the work to any other party without your prior written approval. We warrant that we will not subcontract any portion of the work to any other party without your prior written approval.

Subcontract responsibilities are as follows: _____
 Subcontractor: _____
 Subcontract agreement: _____
 Date: _____
 Signature: _____
 Title: _____

Departmental Responsibilities
(continued)


9. Verifies appropriate signatory signs invoices & returns to SPS
10. Reviews technical reports
11. Requests additional documentation on questioned costs
12. Monitors subrecipient compliance w/regulations
13. Ensures subrecipient's equipment has proper controls
14. Routes property, invention, & cost share reports to SPS



ORSO Responsibilities

Assist with submitting the Prime Award proposal, award negotiation and drafting/negotiation of a subcontract.

1. Receive the subcontract initiation form and backup documents.
2. Check Visual Compliance Database (EPLS).
3. Check for DUNS#, Sam.gov registration, and E-Verify/ARRA/FCOI/FFATA/NSF F&A applicability.
4. Check that subaward is within scope of work, within dates of the Prime Award and that funding allocation has been set aside.
5. If needed, do risk assessment for post-award monitoring.
6. Acts as advocate for PI and University in subagreement issues.



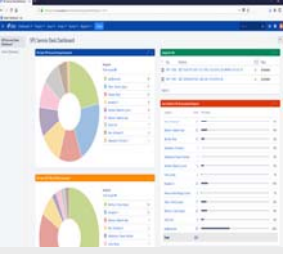
SPS Responsibilities

After subcontract is signed and received at SPS:

1. Review subcontract and translate into computer systems.
2. Verify the rate agreement, Single Audit response, and completion of all documents.
3. Process subcontract invoices for payment.
4. Close out the subcontract according to the Award.
5. Annually review the subcontractor's most current audit document.
6. Complete risk assessment form.
7. Alert all parties if the audit review demonstrates a concern for WSU.

SPS is using Jira to keep track of subcontract invoices.

- ❖ Since Spring 2018, SPS is keeping track of subcontract invoices in "Jira"
- ❖ When SPS receives a subcontract invoice, SPS checks it for the major components, uploads it into Jira and sends it to the dept.
- ❖ The department verifies the expenses and approves the invoices.
- ❖ According to the UG the invoices need a specific certification statement.



Close Out Procedures

- ❖ Since SPS does not send out the close-out reminder anymore, we all need to make sure that "Final" invoices are marked.
- ❖ Ensure all subcontractor's invoices have been received/paid, including a final marked "final".
- ❖ All progress reports/deliverables have been received.
- ❖ Ensure close out documents have been received.

Sub-recipient Monitoring

- Under §200.207 WSU can impose additional specific award conditions (for more details see UG §200.207)
- <https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-sec200-207>
- For example:
 - Applicant has a history of failure to comply and fails to meet expected performance goals

Conditions must be removed once the condition has been corrected.

Subcontract Monitoring

- §200.338 'Remedies for noncompliance', allows WSU to take one or more of the following actions for subcontractors who are unwilling or unable to comply with the monitoring requirements:
- <https://www.gpo.gov/fdsys/pkg/CFR-2018-title2-vol1/pdf/CFR-2018-title2-vol1-sec200-338.pdf>

For example:

- ❖ Temporarily withhold cash payments pending correction.
- ❖ Disallow all or part of the cost for action not in compliance.
- ❖ Wholly or partly suspend or terminate the Federal award.
- ❖ Initiate suspension or debarment proceedings.

Possible Indicators of High Risk

- ❖ A qualified audit report or failure to have a current audit report
- ❖ History of non-compliance or non-performance (failure to use funds for authorized purposes)
- ❖ New sub-recipient (or new to this type of project)
- ❖ Award size relative to sub-recipient's sponsored research portfolio

Possible Mitigations to High Risk Assessment

- ❖ Special Monitoring Plan (PI/Dept./ORSO/SPS)
 - ❖ More frequent contact with sub-recipient or
 - ❖ More frequent technical reports
- ❖ Add more detailed or frequent invoicing requirement.
 - ❖ Backup documentation
- ❖ Tie receipt of technical progress reports to payments.
- ❖ Add more stringent language in subcontract to comply with award requirements.

Audit Results

June 2016 report
University of Wyoming

- ❖ Did not provide a schedule of expenditures that clearly identifies as Federal funds, and this impacted the reported funds in SEFA (Schedule of Expenditures of Federal Awards).
- ❖ Any auditee is to prepare a schedule of expenditures of Federal awards for the period covered by the financial statement including notes that describe the significant accounting policies used.

Audit Results

February 10th report
Colorado State University;

- ❖ The audit found that the University did not report in a timely manner under the Transparency Act .
 - ❖ Required sub information was not reported for four of the 29 Sub awards
 - ❖ One sub award was 10 months late and 2 were submitted with incorrect dates
 - ❖ The problem occurred because of lack in the review process

Audit Results

Fiscal Year 2016
University of Pennsylvania

- ❖ Transfers were not clearly documented and the equipment inventory were not retired in a timely manner.
 - ❖ Every transfer should be clearly documented and saved according to the award detail.
 - ❖ The University should the equipment purchased and include timely recording of transaction.

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This has been a WSU Training Videoconference

If you attended this live training session and wish to have your attendance documented in your training history, please notify Human Resource Services within 24 hours of today's date:

hrstraining@wsu.edu

Contact Information

Anke Moore
Fiscal Analyst 2, SPS
335-7433 anke.moore@wsu.edu

Lucas Sanchez
Grant and Contract Coordinator, ORSO
335-3796 lucas.sanchez@wsu.edu
