


WASHINGTON STATE UNIVERSITY



Subcontracting

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March 2021

WASHINGTON STATE UNIVERSITY

Recording date of this workshop is
March 9th, 2021

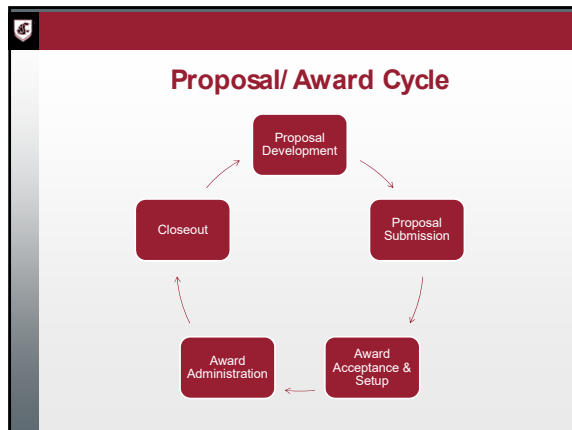
Some of the rules and procedures discussed
in this workshop are subject to change.

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	Personal Services Agreement
<ul style="list-style-type: none"> • Carries out SOW/Co-PI • Performance measured w/meeting objectives • Authority for administrative decisions • Responsible for program compliance • F&A for the 1st \$ 25,000. 	<ul style="list-style-type: none"> • Provides a service available to many • Operates in a competitive environment • F&A on total award • Make sure to mentioned company/person is in the Grant to help with sole source documentations

When making your determination, the **substance** of the relationship is more important than the form of the agreement.
<https://purchasing.wsu.edu/personal-services-contracts/>

1. Check ORSO's approved subrecipient list
2. If subrecipient is not on list, perform financial review: audits, financials, etc.
3. Send completed forms to ORSO
 1. Sub initiation form
 2. Check Workday if the subrecipient is in Workday
 - If not ORSO needs a W9/W8 the form cannot be older than 2018
 3. SOW
 4. Budget
 5. Budget justification
 6. F&A rate agreement if applicable
 7. FCOI/RCR form as applicable

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

[illegible]

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Subaward Change Form

Request for Subaward/Subcontract Change

Principal Investigator

WSU ID # LAST NAME FIRST NAME EMAIL PHONE #

Subaward # Subcontract #

Change Details:

☐ No-Cost Time Extension Only ☒ Additional Funding (with Time Extension) ☐ Additional Funding (without Time Extension) ☐ Other

New End Date: Additional Budget Amount: NOTE: Please attach detailed budget for the additional funding.

Funds have been set aside in either:

☐ Object 14 of the home account ☐ Subcontract Budget Project

Attachments:

Are there any other changes needed besides the funding increase and date extension?

NOTE ON EXTENDING END DATES: Please review the prime award's final invoice date and the timeframe provided to our subgrantees on their agreement. Our subgrantees are typically allowed 60 days to work on a final invoice. We then send another 30 days to send our final invoice to the prime sponsor. Please review these to ensure the dates are appropriately accounted for in your requested period of performance. If we get the full 90 days to send our final invoice to the prime sponsor all in time, it less than 90 days adjustments will likely need made.


Certification and approval: ☐ I hereby authorize the Office of Research Support and Operations to process this request. If this form is being submitted on a PI's behalf, I confirm that I have reviewed all documentation with the PI for reasonableness, allowability, and allocability.



Departmental Responsibilities

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graph TD; SPS --- Dept.; Dept. --- ORSO; ORSO --- SPS;
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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 and sequential
- 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



Subcontract Invoice



❖ We need the following on the invoices in order to pay them in a timely manner. SPS only has 30 days to pay an outstanding invoice

- ❖ Period of performance
- ❖ Invoice number (good to have for reference)
- ❖ Reference the sub-contract
- ❖ Current and Cumulative Expenses such as salaries etc. clearly marked
- ❖ Contact information
- ❖ Current address
- ❖ Amount for period
- ❖ Certification Statement
- ❖ Sequential order of outstanding invoices
- ❖ On foreign invoices SPS needs the wire information



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. Enter new Supplier into Workday (need W9/W8)
3. Contact SPS to create new Supplier a subrecipient
4. Check Visual Compliance Database (EPLS).
5. Check for DUNS#, Sam.gov registration, and E-Verify/ARRA/FCOI/FFATA/NSF F&A applicability.
6. Check that subaward is within scope of work, within dates of the Prime Award and that funding allocation has been set aside.
7. If needed, do risk assessment for post-award monitoring.



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.



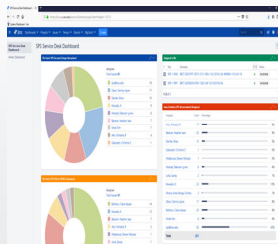
The Certification Statement

❖ According the Uniform Guidance all new subcontract invoices need the following certification statement.

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section1001 and Title 31, Sections 3729-3730 and 3801-3812)."

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

- ❖ 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 record the equipment purchased and include timely recording of transaction.

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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:

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