



Subcontracting

Presented by:

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Recording date of this workshop is

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**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.**

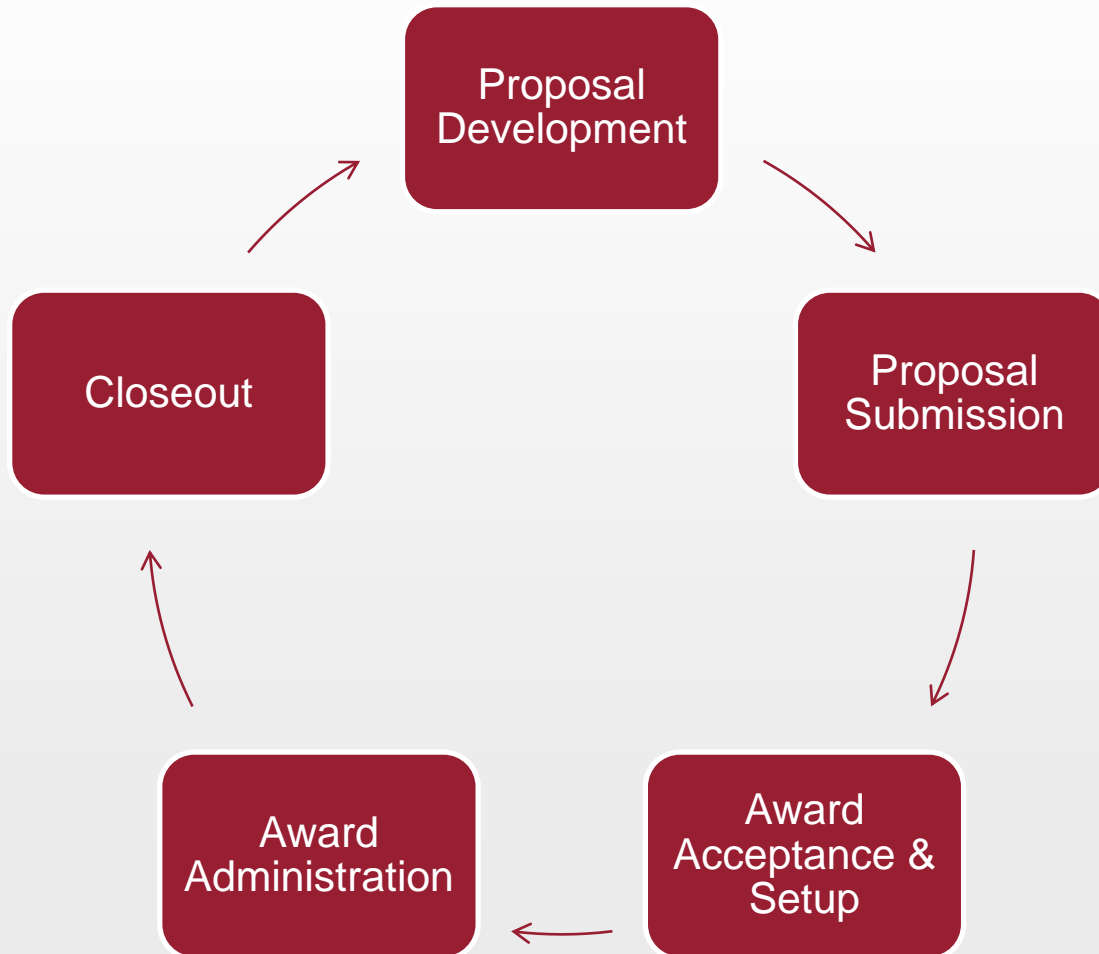


Overview

- **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**



Proposal/ Award Cycle





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/ Award vs. Personal Services Agreement – ORSO Guideline 22

Subrecipient

- 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.
- **Remember!** Uniform Guidance/FAR

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/>

Personal Services Agreement

- 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



Changes Uniform Guidance Changes Effective November 12, 2020

Definition Changes: Period of Performance, Budget Period, and Renewal - 2 CFR 200.309

New Section: Domestic Preferences for Procurement - 2 CFR 200.322

New Section: Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment - 2 CFR 200.216

Procurement: Threshold and Grouping Changes - 2 CFR 200.320

Requirements for Pass-Through Entities - 2 CFR 200.332

Expanded Use of De Minimis Rate - 2 CFR 200.414 The revision to this section expands use of the de minimis rate to all non-federal agencies, with some exceptions

- **2 CFR 200.309** budget period was updated to clarify that recipients are authorized to expend the current funds awarded, including any funds carried forward.
- **2 CFR 200.322** maximize use of goods, products, and materials produced in the United States
- **2 CFR 200.216** The purpose of this section is public safety and contracting with certain entities is prohibited
- **2 CFR 200.320** 1) Informal (micro-purchase, small purchase); (2) formal (sealed bids, proposals), and (3) Non-Competitive (sole source).
- **2 CFR 200.332** This update clarifies that pass-through entities (PTE) are responsible for addressing only a subrecipient's audit findings that are specifically related to their subaward.
- **2 CFR 200.414** section expands use of the de minimis rate to all non-federal agencies, with some exceptions



Subcontract requirement

- **Any FAR requirements in the Prime**
- The only thing that is not required for Federal Awards but for Federal Contracts is **FAR 52.223-99 ENSURING ADEQUATE COVID-19 SAFETY**
- the Contractor shall comply with all guidance, ***as amended during the performance of this contract***, for contractor or subcontractor workplace locations published by the Safer Federal Workforce Task Force . . .”
Notably, contractors (and subcontractors, as contractors must flow down this clause to subcontractors) must be aware of their obligation to monitor and implement new or amended Task Force Guidance during contract performance.



“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, financial questionnaire 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
W9 form cannot be older than 2018
Wire instruction on letterhead
 3. SOW
 4. Budget
 5. Budget justification
 6. F&A rate agreement if applicable
 7. FCOI/RCR form as applicable
 8. Letter of Intent



Subagreement Initiation Form

- 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



SUBAGREEMENT INITIATION FORM

Washington State University

Hover over each section for additional guidance

ORSO#:
Project Title:

Financial Overview:

1. Check if your subrecipient is listed as pre-approved, [here](#).
2. If not listed via the link above, please obtain and attach w/this form the subrecipient's most recent [Single Audit](#) for financial review. If unavailable, send recent tax record or certified financial statement.
3. No financial information? Please have subrecipient fill and return this [Subrecipient Questionnaire](#).

Attached with this form are the following:

<input type="checkbox"/> Statement of Work*	<input type="checkbox"/> Budget*	<input type="checkbox"/> Budget* Justification	<input type="checkbox"/> F&A Rate Agreement	<input type="checkbox"/> FCOI form	<input type="checkbox"/> RCR form	<input type="checkbox"/> Financial Documents
for New Supplier only: <input type="checkbox"/> W9* Domestic <input type="checkbox"/> W8* BEN/BENE Foreign						

*Required attachments

WSU Information		
PI:	Admin Contact:	
Phone:	Phone:	
Email:	Email:	
Address:		
<input type="checkbox"/> Federal Sponsor:	Prime Award #:	
<input type="checkbox"/> Non-Fed Sponsor:		
Funds set aside in AWD #:	GR#	WD Supplier #

Subrecipient Information			
Legal Name:	Admin. Contact:	Phone:	
DUNS/UEI#:	EIN#:	Email:	Remittance Address:
PI:	General Address:		
Phone:			
Email:			

Subagreement Information	
Amount Funded this action:	Total Est. Funding:
Cost Share this action:	F&A Rate, if applicable: 0.00%
Budget Period this action:	Est. Project Period:
Human Subjects <input type="checkbox"/> Yes <input type="checkbox"/> No	
Subrecipient IRB not required for the following reason:	
<input type="checkbox"/> IRB Exempt	Status of IRB:
<input type="checkbox"/> WSU acting as sIRB	<input type="checkbox"/> Approved
<input type="checkbox"/> Other sIRB designated	<input type="checkbox"/> Pending
<input type="checkbox"/> Approval will be sought after 1 year	Comments:
Animal Subjects <input type="checkbox"/> Yes <input type="checkbox"/> No	
Status of IACUC approval	Comments:
<input type="checkbox"/> Approved	
<input type="checkbox"/> Pending	

Last Revised 03/2021

Federal Select Agent: https://www.selectagents.gov/sat/list.htm	
Technical/Progress Reporting requirement	
<input type="checkbox"/> Annual	<input type="checkbox"/> Monthly
<input type="checkbox"/> Quarterly	<input type="checkbox"/> At the discretion of the PI to satisfy reporting REQs
Other	
<input type="checkbox"/> Data Management/Sharing Plan	<input type="checkbox"/> Foreign subrecipient
<input type="checkbox"/> Human Subjects Data	<input type="checkbox"/> Carryforward restricted by PI
<input type="checkbox"/> Fixed Priced Agreement	<input type="checkbox"/> Biohazardous materials
Please list any special requirements or provide any other information you think might be useful for the person preparing this subagreement:	

WSU PI Verification
By signing below, I certify that I have read the following statements and certify that they are accurate and true to the best of my knowledge:
The subagency's proposed costs have been reviewed and are reasonable for the technical effort proposed. Funding is available for this subagreement and is an allowable cost under the terms of the prime.
<input type="checkbox"/> The project and relationship with this subagency present a potential conflict of interest or appearance thereof and a COI plan and explanation are attached.
[OR]
<input type="checkbox"/> No conflict of interest as defined in Executive Policy #27 has been identified as a result of this project and relationship with the subagency.
Signature of WSU PI

For accounting purposes, please fill the below subrecipient budget template by WSU object code:

Salaries - 00	
Wages - 01	
Personal Svc Contract - 02	
Goods/Services - 03	
Travel - 04	
Computer Services - 05	
Equipment - 06	
Benefits - 07	
Stipends/Subsides - 08	
SBCTs/Restricted - 14	
Small/Attractive Items - 16	
Total Direct Costs	
F&A - 14	
Total Costs	

Helpful Links:

Sam.gov:
<https://sam.gov/SAM/>

Federal Audit Clearinghouse:
<https://harvester.census.gov/facweb/>

ORSO Policy & Guidelines:
<https://orso.wsu.edu/ws-u-policies-guidelines/>

For questions:
Please contact ORSO at 5-9661 or orso@wsu.edu.

Last Revised 03/2021

All fields must be filled or the form will be returned to you.



Subaward Change Form

Request for Subaward/Subcontract Change

Principal Investigator

WSU ID #	LAST NAME	FIRST NAME	E-MAIL	PHONE #
<input type="text" value="Search and Select"/>	<input type="text" value="(last name/ws id)"/> <input type="button" value="Q"/>	<input type="text" value="Search and Select"/>	<input type="text" value="Search and Select"/>	<input type="text"/>

ORSO #	Subaward #	Subrecipient Name
<input type="text" value="ORSO #"/>	<input type="text" value="G00"/>	<input type="text"/>

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
☐ Subaccount Budget-Project

Attachments

Budget/Attachments Required

Select files...

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

NOTE ON EXTENDING END DATES: Please review the prime awards final invoice date and the timeframe provided to our subrecipients on their agreement. Our subrecipients are typically allowed 60 days to send us a final invoice. We then need 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 is fine, if less than 90 days adjustments will likely need made.

Certifications 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.

Form Not Valid



Responsibilities





Departmental Responsibilities

1. Approves all expenditure requests
2. Reviews budget statements for consistency w/proposal
3. Ensures that expenditures are **R**easonable, **A**llowable, **C**onsistent, **A**llocable
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)

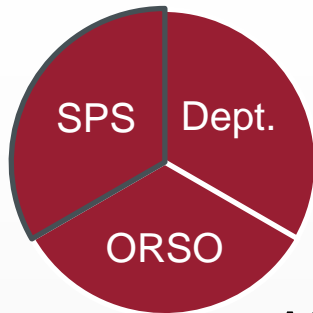
- 9. Verifies appropriate signatory signs invoices & returns to SPS
- 10. Reviews technical reports
- 11. Requests additional documentation on questioned costs
- 12. Monitors subrecipient compliance w/regulations
- 13. Ensures subrecipient's equipment has proper controls
- 14. Routes property, invention, & 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 as a subrecipient
4. Check Visual Compliance Database (EPLS).
5. Check for 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. Risk assessment for pre-award monitoring and upload documents to WD.



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

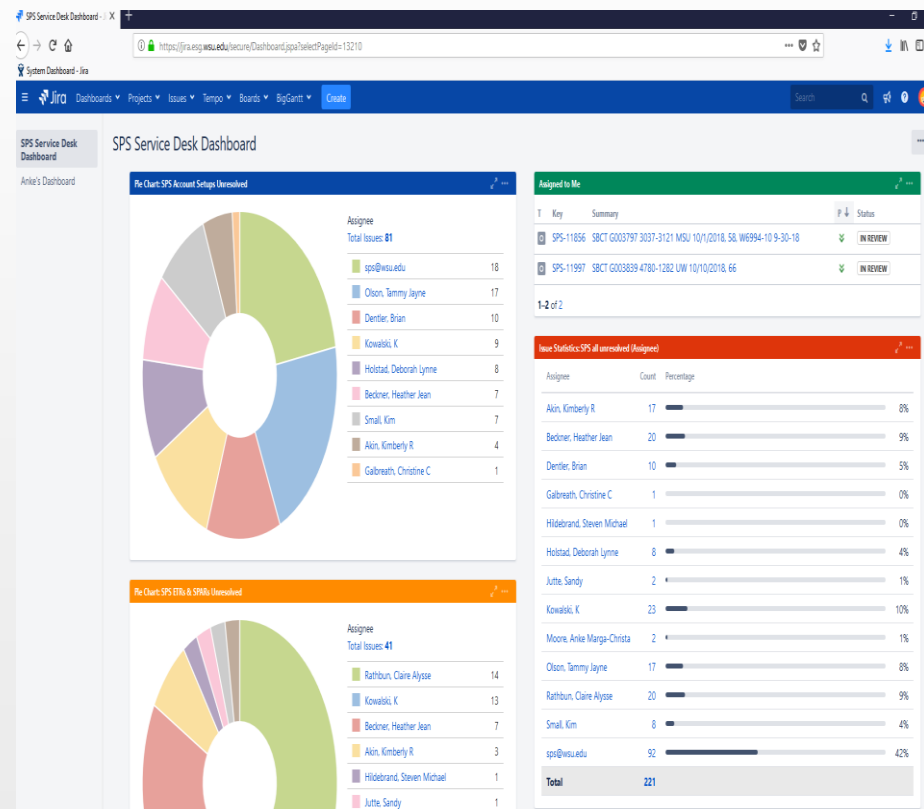
- ❖ According the Uniform Guidance all new sub-contract invoices need the following certification statement.

“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, Section 1001 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.
- ❖ Performance of desk audit



Audit Results

June 2020 report

New Mexico Tech

- ❖ Non-Compliance with Subrecipient Monitoring. Finding in 2019 and 2020.
- ❖ An auditee is to evaluate the subrecipient of federal pass-through funds and the risk of their non-compliance with federal statutes, regulation, and terms and conditions.
- ❖ The auditee is to establish a control system to ensure all subrecipient risk assessments performed are documents in accordance with federal regulations.



Audit Results

June 2020 report

University of Illinois

- ❖ The University did not comply with university policies and internal controls over procurement card transactions.
 - ❖ 75 transactions totaling \$477,735, including 15 transactions for unusual activity.
 - ❖ University handles 4,220 active cards and expenditures totaling \$53,650,621.
 - ❖ Routine finding since their 2008 audit.



Audit Results

December 2020 report

Snohomish County Public Utility District

- ❖ Incorrectly charged equipment usage hours on FEMA, a federally funded award.
 - ❖ Personnel timesheets are submitted to note how long the equipment is used, which is an allowable cost on the grant.
 - ❖ The hours recorded did not match the hours reported on timesheets. Resulting in over and undercharging allowable costs on a cost reimbursable grant.



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