Introduction to Subawards

The increase in subawards in recent years, reflecting the increase of collaboration in research, has resulted in heightened compliance scrutiny by the federal government and other sponsors. Sponsored Projects Administration (SPA) is committed to working with researchers and departments to assist in the effective management of subawards. It is important for principal investigators (PIs) and department administrators to understand their roles and responsibilities in managing subawards, and to work with SPA to minimize risk and ensure successful collaboration and compliance.

Questions and Answers about Subawards

What are the characteristics of a subaward?*

- A defined portion of a sponsored project is designed and consulted by another entity
- Subrecipient personnel might be a legitimate author or co-author of a paper written about the project
- An invention might arise from the work performed by the subrecipient
- The subrecipient assumes full responsibility, including intellectual leadership, for completing the assigned work
- Work is generally performed by the subrecipient's personnel (including graduate students) using their resources, usually at their site
- The subrecipient must comply with the terms and conditions of the subaward agreement, including terms from the University's sponsor
- The subrecipient will need to obtain approvals from their IRB or IACUC if human or animal subjects are used in their portion of the work

*It is not expected that all of the characteristics will be present in every case.

How are subrecipients selected?

The PI and department are responsible for complying with federal and University procurement requirements in selecting subrecipients. There are two primary methods for selecting a subrecipient: competitive bidding or sole source procurement. Evaluation criteria may include past scientific and financial performance, technical/financial resources, strength of the proposed scope of work, and reasonableness of proposed costs.
When should procurement actions other than a subaward be used?

Other procurement actions should be used to purchase goods or services when the vendor:

- Provides commercially available supplies and expendable materials
- Provides expert consulting
- Provides equipment or component parts for fabricated equipment
- Regularly sells the goods and services as part of its routine business operations
- Provides similar goods and services to others
- Operates in a competitive environment
- Provides goods and services that are ancillary to the sponsored project
- Is not subject to the compliance requirements of the University’s sponsor

Refer to Purchasing Services (purchasing.umn.edu) for further guidance.

What information should be included in the University’s proposal?

Proposals that include subawards should integrate the subrecipient’s statement of work and budget into the University’s proposal, in accordance with the sponsor’s guidelines. The University’s proposal must follow the standard routing and approval process and should include the following items related to each subaward:

- Statement of Work
- Budget and Justification
- Signed commitment to establish a subaward from the proposed subrecipient’s authorized representative
- Any other forms required by the sponsor

What information must be submitted to SPA at the time of subaward issuance?

- Copy of subrecipient’s most recent A-133 audit or link to its record or Financial Management Systems questionnaire (SPA obtains)
- Fair and Reasonable Cost Analysis (Form I or II)
- Collaborator contact information
- Technical and financial reporting requirements
- Payment terms and schedule
- Subaward period of performance
- Verification that subrecipient is compliant with IRB or IACUC approvals (if applicable)
- Subrecipient data required under the Federal Funding Accountability and Transparency Act
- Other applicable requested information
What are the PI's/department's monitoring responsibilities?

- Understand terms and conditions of subaward agreement
- Serve as primary point of contact for the subrecipient
- Monitor scientific progress
- Verify that the subrecipient is meeting “cost sharing” commitments
- Verify compliance approvals are current for subrecipient’s portion of statement of work (e.g., human subjects, animal subjects, biosafety)
- Initiate modifications to subaward when necessary
- PI's approve and sign invoices for payment after conducting the following:
  - Ensure all costs are allowable, allocable, and reasonable
  - Ensure all costs are incurred within the period of performance
  - Confirm that expenses are aligned with technical progress
  - Request corrections, additional documentation, or revised invoice when necessary

What are SPA's monitoring responsibilities?

- Assist PIs with monitoring subawards
- Review annual audit reports
- Verify corrective action plans are implemented if necessary
- Review risk levels and, if necessary, modify subaward agreements
- Review invoices and process payment:
  - Verify invoices are signed by PIs
  - Ensure costs were incurred within the period of performance
  - Verify invoice amount does not exceed subaward balance
  - Verify costs are pursuant to terms of subaward

How should PIs and departments plan for subaward closeout?

- Verify status with subrecipient 90 days before end date
- Request time extension from University sponsor (if needed)
- Follow-up on late or missing reports or deliverables
- Obtain final invoice (marked “final”)
- Send final invoice to SPA
- Complete and submit
A subaward is a formal written agreement made between the University of Minnesota and another legal entity (subrecipient) to perform substantive programmatic activity under one of the University’s sponsored projects.

**Web Resources**

- Subawards at the U of M: [www.ospa.umn.edu/subaward](http://www.ospa.umn.edu/subaward)
- Circular A-133, Subpart B, 210 (subrecipient and vendor determinations): [www.whitehouse.gov/omb/circulars/a133/a133.html](http://www.whitehouse.gov/omb/circulars/a133/a133.html)
- Federal Demonstration Partnership (FDP): [thefdp.org/Subawards.html](http://thefdp.org/Subawards.html)
- Federal Audit Clearinghouse: [harvester.census.gov/sac](http://harvester.census.gov/sac)
- Enterprise Financial Systems: [www.finsys.umn.edu](http://www.finsys.umn.edu)
- Federal Funding Accountability and Transparency Act: [www.ffata.org](http://www.ffata.org) or [www.usaspending.gov](http://www.usaspending.gov)
Search Results  Contact us.

For more information about subawards, contact Sponsored Projects Administration (SPA):

612-624-5599
www.ospa.umn.edu/subaward
Or contact your grant and contract administrator directly.