



Policy and Procedures for Subawards Issued on Sponsored Project Funds February 2010

PURPOSE

The purpose of this document is to inform the MSKCC research community about the policies and procedures involved in issuing subawards to collaborating entities (e.g., other universities, hospitals, non-profit research institutes, or businesses). Subaward Agreements are used to facilitate performance of and payment for a specific scope of work conducted by a collaborator in support of the primary award received by Sloan-Kettering Institute for Cancer Research (SKI).

DEFINITION AND CHARACTER OF A SUBAWARD

Subaward means an award of financial assistance in the form of money, or property in lieu of money, made under an award (grant or other agreement) by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award."¹

Subawards may be called subcontracts, subagreements, subgrants, purchase orders, etc., and they may have the appearance of procurement agreements in format and language. However, these agreements are forms of "financial assistance" and do not constitute a "procurement action" as characterized by federal regulations.

A subaward does not include technical assistance, which provides services instead of money; direct payments of any kind to individuals; and contracts which are entered into and administrated under procurement laws and regulations.

Subrecipient and Vendor Determinations²

A subrecipient organization is one that:

- Has its performance measured against whether the objectives of the sponsored project are met;
- Has responsibility for programmatic decision making;
- Has responsibility for adherence to applicable federal program compliance requirements; and
- Uses federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and
- Is not subject to compliance requirements of the federal program.

SUBCONTRACTING PROCEDURES

The process of issuing and monitoring subawards typically begins at the time of proposal submission and involves collaboration among the Principal Investigator (PI), the Grants and Contracts (G&C) and Research Fund Management (RFM) units of the Office of Research and Project Administration (ORPA), Department Administrator(s) (as applicable), and Corporate Procurement. In most cases, subrecipient organizations (e.g., consortium members) are identified at the time of proposal submission by SKI to the primary sponsor (e.g., NIH). Permission to contract portions of any project is generally granted by the primary sponsor as either a provision of the original proposal/award or following a subsequent request for approval (e.g., clinical trial site agreements where enrollment occurs following receipt of award).

Who is Responsible for What?

Proposal Submission

G&C is responsible for securing from the Principal Investigator the required documentation for all consortium costs and/or subcontracts prior to authorizing the overall proposal submission.

The Principal Investigator (PI) must secure the following items from consortium members/subcontractors prior to submission of the overall proposal:

- Individual work statement or reference to composite Research Plan;
- Budget(s) meeting the requirements of the sponsor and SKI³.
- A Face Page (e.g., PHS 398) or formal letter of commitment signed by an authorized institutional official certifying participation in the work statement or Research Plan and assurance regarding accuracy and reasonableness of the budget and institutional compliance with applicable regulations and agency-specific requirements.
- If submission is to NIH, a Checklist is required from each consortium member

Award

G&C initiates Subaward Agreements with all approved consortium members/subcontractors as described:

1. Upon receipt of the Notice of Grant Award (NGA), G&C updates the Grants Central record with award information (dollar amounts, date of award, other pertinent information), and updates and disseminates a weekly list of awards received to G&C and RFM.
2. Within ten (10) business days of receipt of the award list, G&C contacts the SKI Principal Investigator and the Research Fund Manager to confirm dollar amounts to commit to the Subaward institution.
3. Within thirty (30) days of receipt of the NGA, G&C drafts a Subaward agreement to include: name of SKI PI; Subaward agency name, address, name of PI, and total costs for current year award.
4. G&C emails the draft Subaward agreement to the Subaward agency for completion (contact page, Exhibit A, most recent A-133 audit) and signature with copies to G&C and RFM managers and Director. G&C will follow up every ten (10) business days with the Subaward recipient to ensure completion and return of agreement.
5. RFM will request Purchase Order (PO) number from Corporate Procurement upon receipt of the draft Subaward agreement.
 - a. Within three (3) business days of receipt of a draft Subaward agreement from the GMA, RFM prepares a Purchase Requisition request for institutional approval and sends the signed requisition with a copy of the unsigned Subaward Agreement to Corporate Procurement for processing.
 - b. Corporate Procurement establishes a Purchase Order to encumber funds for the Subaward Agreement(s) in order to process invoices received and sends the Purchase Order to RFM. NOTE: If Corporate Procurement does not receive the required documentation from RFM (i.e., the purchase order is not established) any invoice received will not be paid and will be returned to the PI and RFM pending submission of appropriate documentation
 - c. Within three (3) business days of receiving the Purchase Order from Procurement, RFM gives the Purchase Order number to G&C.
6. Within three (3) business days of receipt of the partially executed Subaward agreement from the subaward agency, G&C will enter the purchase order number on the agreement and obtain institutional sign off. A PDF of the fully executed Subaward agreement will be sent to the Sponsored Projects office (or similar) of the subaward agency (a hard copy is available by request). A PDF is sent to all four contacts specified on Attachment 3 and cc:s to SKI contacts on attachment 3.
7. The most recent A-133 audits for SKI Subaward agencies and signed copies of Exhibit A are gathered and maintained by G&C. On a quarterly basis, G&C will confirm that files for the most recent audits are available from the subawardee. G&C will also cross-check a list of those subawardees where receipt of the most recent A-133 audit is pending. Reminders will be sent out to the subawardee at this time.

Our goal is to ensure receipt of a partially executed Subaward agreement within fourteen (14) weeks after receipt of NGA.

Payment to Subcontractors

Following establishment of Subaward Agreements, RFM and PIs are responsible for reviewing and approving invoices for payment submitted to MSKCC.

Approval of invoices for payment by RFM and PIs certifies that a subcontractor has demonstrated an acceptable level of progress according to the work statement or Research Plan and all reports or deliverables have been received according to the terms of the Subaward Agreement.

The consortium member, subcontractor, subawardee, or business partner will send the invoice to the financial contact as identified on the research subaward agreement. Upon receipt, ORPA staff will electronically route the invoice to RFM for approval.

If the invoice is received by another method, it should be forwarded to RFM for review as stated above and then route the invoice to the Principal Investigator for approval. Once both approvals have been obtained the invoice will be forwarded to Accounts Payable to be processed for payment.

Advance Payments: Payments will not be made in advance unless permitted by sponsor and specifically negotiated at the time of award and approved by G&C.

Closing the Purchase Order

The blanket Purchase Order should be closed sixty (60) days after the end date specified in the requisition by RFM and/or verification that the final invoice has been received. RFM will notify Corporate Procurement to close a PO by submitting a requisition reducing the total cost of a Purchase Order if there is a balance at the end of the agreement/contract period. The PO will close automatically if the PO balance is zero, but will not close automatically based on the expiration date alone. If a carryover is required, it should be included as part of the amendment process.

Amendments

Amendments are prepared and issued by G&C upon receipt of changes to the primary award (e.g., time extensions, funding increases/decreases) following guidelines in the Award section.

RFM also submits a requisition to Corporate Procurement, with a copy of the amendment, to create a new Purchase Order. If a request for carryover is approved, an addendum to the amendment is sent to Corporate Procurement to increase the total amount of the new Purchase Order.

Once a new Purchase Order is obtained, G&C sends the original, fully-executed modification to the consortium member/subcontractor along with an attachment that references the purchase order number and specific invoicing instructions.

¹As defined in Office of Management and Budget (OMB) Circular A-110 "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations."

²As defined in OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

³ These costs are included as direct costs in the Institution's total budget. When calculating facilities and administrative costs (indirect costs) on the total direct cost, the amount of each subaward exceeding \$25,000 is excluded from the base.