



Office of Research and Project Administration Subaward Policy

Purpose

The purpose of this document is to inform the Memorial Sloan Kettering (MSK) research community about institutional and sponsor policies governing issuance of Subawards to collaborating entities. Subaward Agreements are used to facilitate performance of and payment for a specific scope of work conducted by a collaborating entity in support of the primary award received by Memorial Sloan Kettering Cancer Center or Sloan Kettering Institute for Cancer Research (SKI).

Definitions

Pass-through Entity (PTE): A non-federal entity that is a recipient of a sponsored award and commits funds as a subset of that award to a Subrecipient to carry out a portion of the prime sponsored award's program. SKI serves as the PTE for awards issued under its sponsored projects.

Subrecipient: A non-federal entity that receives a Subaward from a PTE to carry out a program. The Subrecipient is responsible for adhering to the terms and conditions of the Subaward, including those flowed down from the prime award. By doing so, the Subrecipient is assuming creative and intellectual responsibility and leadership as well as financial management for performing and fulfilling its Statement of Work (SOW) within their approved budget.

Subaward: An award of financial assistance in the form of money, or property in lieu of money, made under an award (grant or other agreement) provided by a PTE to a Subrecipient to carry out a program. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal or Sponsored program. A Subaward may be provided through any form of legal agreement, including an agreement that the PTE considers a contract.

Subawards may have the appearance of procurement agreements in format and language. However, Subawards are forms of "financial assistance" and do not constitute a "procurement action" as characterized by federal regulations (i.e. to buy a good or service).

Vendor/Contractor: A dealer, distributor, merchant or other seller that provides goods or services within its normal business operation. A vendor operates in a competitive environment and provides similar goods or services to many different purchasers. A vendor does not provide programmatic input to carry out a program.

Subaward Procedures and Responsibilities

The process of issuing and monitoring Subawards typically begins at the time of proposal submission and is a collaborative effort on the part of the Principal Investigator (PI) and the Grants and Contracts (G&C) unit of the Office of Research and Project Administration (ORPA). The successful administration and management of Subawards is a shared responsibility, involving collaboration among the PI, ORPA, Department Administrators, Corporate Procurement (CP) and the Department of Finance, Grants and Contracts Accounting (GCA). Subrecipient organizations are typically identified by the PI at the time of proposal submission 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.

Subawards transfer a portion of the programmatic work under an SKI prime award to another institution or organization. To qualify as a Subaward, the Subrecipient must have responsibility for programmatic decision making and measurable performance requirements related directly to the SKI prime award. A Subaward is written under the authority of the SKI prime award and is consistent with SKI's prime award terms and conditions as applicable.

At a minimum, a Subaward must include a clearly defined, intellectually significant Statement of Work (SOW) to be executed by the Subrecipient, a budget and a budget justification. The Subrecipient's SOW is performed by its personnel, using its own facilities and resources, and usually at the Subrecipient's site. The Subrecipient executing the SOW will contribute substantively to the scholarly and scientific conduct of the project and will have responsibility for programmatic decision making.

Post award management and fiscal monitoring are primarily the responsibility of the PI in collaboration with ORPA/Research Fund Management (RFM) and Department Administrators. PIs are responsible for the programmatic and financial performance and the progress of the Subaward.

ORPA Operations (OPS), RFM and CP are responsible for securing Purchase Orders in order to properly encumber funds for Subawards.

The PI in collaboration with the RFM and Department Administrators are responsible for financial oversight in order to ensure proper stewardship of sponsor funds. Invoice review and approval is conducted by the PI in collaboration with the RFM and Department Administrators.

The Department of Finance, Accounts Payable Department is responsible for payment of invoices, once approval from the PI and Research Fund Manager have been secured.

Subrecipient Monitoring and Management

SKI adheres to guidance set forth in OMB Circular A81, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance"). Circular A81 requires prime recipients of federal funds to monitor Subawards and to ensure Subrecipients meet the audit requirements and use funds in accordance with applicable laws, regulations and terms of the award. In general, MSK applies federal principles and standards to all Subrecipients.

SKI is responsible for monitoring the Subrecipient's technical and fiscal performance in order to ensure proper stewardship of sponsor funds, that performance goals are achieved and that the Subrecipient complies with the Subaward agreement including any applicable sponsor regulations.

SKI assesses if the collaborating entity is a vendor/contractor or a Subrecipient. The determination as to whether a collaborating site is a vendor/contractor versus a Subrecipient is performed by G&C at the proposal stage and at the time the Statement of Intent (SOI) is obtained from the collaborating entity. Once it is determined that the collaborating entity is indeed a Subrecipient, the following process will ensue.

- SKI performs or will perform a risk assessment of each Subrecipient to determine the degree of risk and to evaluate the likelihood of noncompliance. The risk level that is assigned to each Subrecipient determines the appropriate level of Subrecipient monitoring.
- A Subrecipient's risk assessment is based in part on the fiscal maturity of the Subrecipient, current and prior A-133 and Uniform Guidance audit results, Subrecipient's prior experience with Federal awards, SKI's prior experience with the Subrecipient, and prior oversight and monitoring of the Subrecipient by federal awarding agencies.
- OPS performs a risk assessment of each Subrecipient site on an annual basis with the purpose of determining the nature, timing and extent of monitoring procedures including remedies for noncompliance and strengthened level of oversight. OPS also performs a risk assessment when entering into an agreement with a new Subsite for which a prior relationship does not already exist. OPS sends a Risk Assessment Questionnaire (RAQ) to each Subrecipient site. Each questionnaire is scored to determine the level of risk. The score helps determine if additional internal review is required by ORPA and whether additional monitoring or revisions to the contract terms is warranted.
- For subawards issued under Federal Sponsors, OPS manages tracking and acquisition of federally required Uniform Guidance audit reports from all Subrecipients. Subrecipients with audit reports where material weaknesses, significant deficiencies or other findings are noted are reviewed by ORPA and the appropriate level of subrecipient monitoring is determined. A formal management decision letter is issued by ORPA to all Subrecipients where material weaknesses, significant deficiencies or other findings were noted.

For Subawards issued under Federal Sponsors, OPS oversees the tracking and submission of Federal Funding Accountability and Transparency Act (FFATA) reports. FFATA reports are submitted on a monthly basis for all applicable Subaward agreements executed in the previous month.