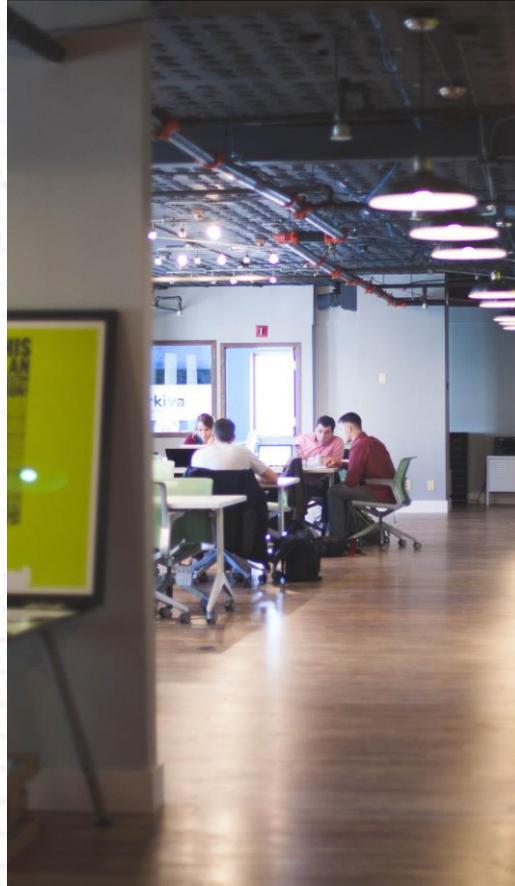


# Research 101 Workshop:

# Subrecipient Monitoring



Tennessee  
TECH



# Research 101 Workshop

## Subrecipient Monitoring

February 4, 2021

Presenters: Mark Lynam & Debbie Gernt



# Subrecipient Monitoring

- What
- Why
- Who
- When & How

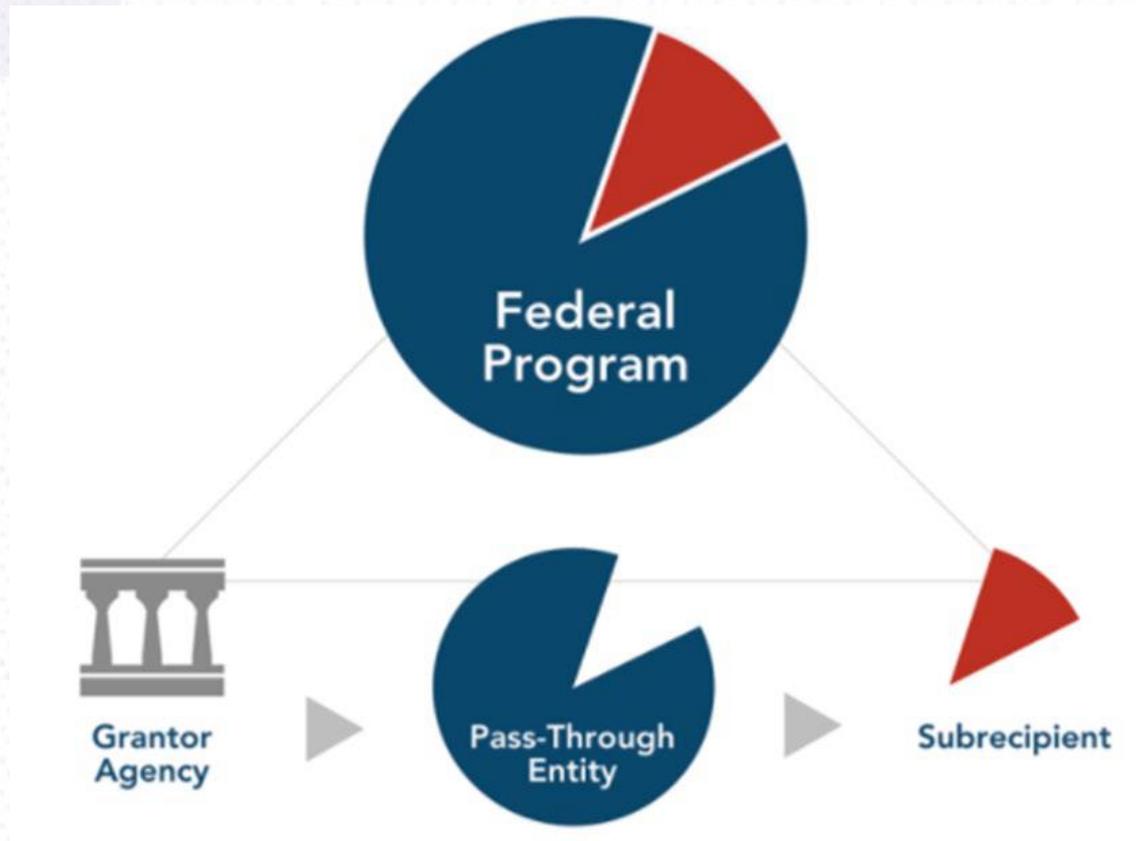


# Subrecipient Monitoring | What

- Grantor- A user registered on behalf of their federal grant-making agency to post funding opportunities or manage submissions to these funding opportunities (NSF, DoD, etc.)
- Pass-through Entity (PTE) – a non-Federal entity that provides a subaward to a subrecipient to carry out a part of the program.
- Subaward – an award provided by the PTE to the subrecipient which can be in the form of a legal contract or agreement.
- Subrecipient – a non-Federal entity that receives a subaward from a PTE to carry out part of a Federal (or other) program.
- Contractor (Vendor) – a non-Federal entity that provides goods or services needed to carry out the program.



# Subrecipient Monitoring | What



# Taking a Closer Look | Subrecipient

- Determines who is eligible to receive what Federal assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award
- TTU applies its indirect cost rate on the first \$25,000 of each subrecipient
  - Non-Federal entity & for-profit
- May provide cost share



# Taking a Closer Look | Subrecipient

- Substantive, programmatic work or an important or significant portion of the research program or project is being undertaken by the other entity.
- The research program or project is within the research objectives of the entity.
- The entity participates in a creative way in designing and/or conducting the research.



# Taking a Closer Look | Subrecipient

- The entity retains some element of programmatic control and discretion over how the work is carried out.
- The entity commits to a good faith effort to complete the design or conduct of the research.
- The entity makes independent decisions regarding how to implement the requested activities.
- A principal investigator has been identified at the entity and functions as a “Co-Investigator”.
- There is the expectation that the entity will retain ownership rights in potentially patentable or copyrightable technology or products that it produces while fulfilling its scope of work.
- Publications may be created or co-authored at the entity



# Taking a Closer Look | Contractor

- Provides the goods or services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program;
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons. Cannot provide cost-share to the project
- Full indirects can be recovered



# Taking a Closer Look | Contractor

- The entity is providing specified services in support of the research program.
- The entity has not significantly participated in the design of the research but is implementing the research plan of TTU's PI.
- The entity is not directly responsible to the sponsor for the research or for determining research results.
- The entity markets its services to a range of customers, including those in non-academic fields.
- Little or no independent decision-making is involved in the design and conduct of the research work being completed.



# Taking a Closer Look | Contractor

- The agreement only specifies the type of goods/services provided and the associated costs.
- The entity commits to deliverable goods or services, which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.
- The entity does not expect to have its employees or executives credited as co-authors on papers that emerge from the research.
- The expectation is that the work will not result in patentable or copyrightable technology or products that would be owned by the entity.



# Taking a Closer Look | Determination

Dr. Wile E. Coyote is in the process of submitting a proposal to a federal agency and wants to include an external entity, Acme Corporation, in the proposal. Acme is a company that provides every imaginable product and service to companies around the world. Acme is listed as an authorized vendor/contractor for many Federal sponsors. TTU has contracted with Acme in the past, though their products never worked as envisioned.



# Taking a Closer Look | Determination

Acme has provided the following scope of work for Dr. Coyote's proposal:

As engineering subject matter, Acme will a) design flight and testing parameters; b) integrate the prototype instrument with the super-dense magnet system; and c) will identify and test flux capacitor systems that are optimized for flight and explosive requirements.

Additionally, they will lead the analysis on data that is collected from the instrument, and potential ancillary data about expected, but unintended explosive effects generated by the flight simulations.

Would you classify Acme as a subrecipient or a contractor? What are your reasons for this classification?



# Taking a Closer Look | Determination

- The substance of the relationship is more important than the form of the agreement
- It is not the terminology that determines what the award or instrument really is, but content — what it is intended to do and how it is executed
- A key question: Who benefits from the funds?



# Subrecipient Monitoring | Why

- Tennessee Technological University is subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 CFR 200), more commonly referred to as Uniform Guidance. As such, Uniform Guidance requires TTU to monitor its subrecipients of Federal awards in order to determine if they are in compliance with federal requirements.
- This is a succinct way of stating that TTU must comply with the following:



# Subrecipient Monitoring | Why

ward; and

(5) in accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

(b) **Contractor.** A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See the definition of contract in K200.1 of this part. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) **Use of Judgment in Making Determination.** In determining whether an agreement between a pass-through entity and another non-Federal entity falls the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

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## **200.322 Requirements for pass-through entities.**

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and include the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

- (1) Federal award identification.
- (2) Subrecipient name (which must match the name associated with its unique entity identifier).
- (3) Subrecipient's unique entity identifier.
- (4) Federal Award Identification Number (FAIN).
- (5) Federal Award Date (see the definition of Federal award date in K200.1 of this part) of award to the recipient by the Federal agency.
- (6) Subaward Period of Performance Start and End Date.
- (7) Subaward Budget Period Start and End Date.
- (8) Amount of Federal Funds Obligated by the action by the pass-through entity to the subrecipient.
- (9) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation.
- (10) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity.
- (11) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).
- (12) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity.
- (13) Assistance Listing number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listing Number at time of disbursement.
- (14) Identification of whether the award is R&D; and
- (15) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per K200.614.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
  - (A) The negotiated indirect cost rate between the pass-through entity and the subrecipient, which can be used on a prior negotiated rate between a different FTE and the same subrecipient. If facing the same or a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate, as may elect to do so;
  - (B) The de minimis indirect cost rate.
- (5) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a federally approved one. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with K200.605(d).



# Subrecipient Monitoring | Who

## Principal Investigator (PI)

- Makes initial determinations of subrecipient versus contractor with input from ORED staff and completes the [subrecipient vs contractor checklist](#) (PreAward);
- Coordinates with subrecipient to develop scope of work, budget, and budget justification (PreAward);
- If subaward, responsible for providing one-page [subrecipient commitment form](#) to subrecipient organization for completion (PreAward);
- Ensures completed and signed checklist and one-page subrecipient commitment form are attached to Proposal Endorsement Form (PEF) in DocuSign (PreAward)



# Subrecipient Monitoring | Who

## Principal Investigator (PI)

- Conducts ongoing financial and programmatic monitoring of subawards
- Reviews and signs off on subrecipient invoices
- Conducts other review requirements of subrecipient monitoring plans, i.e., the specific procedures identified by the Office of Research and Grant Accounting to evaluate the subaward from inception through completion
- Maintains subrecipient documentation
- Ensures that the final technical report and final invoice from the subrecipient are received within the timeframe specified in the subaward



# Subrecipient Monitoring | Who

## Bookkeeper / Financial Analyst

- Supports PI in the ongoing monitoring of subawards
- Coordinates with PI on subrecipient invoices for changes to the subaward



# Subrecipient Monitoring | Who

## Grants Accounting

- Facilitates review of subrecipient invoices
- Secures A-133 annual monitoring reports from subrecipients



# Subrecipient Monitoring | Who

## Office of Research

- Keeps subrecipient/contractor checklist and one-page subrecipient form on file (PreAward)
- Conducts risk assessment
- Prepares appropriate FDP agreement
- Validates the budget for proper rates (if applicable)
- Collects the necessary information to meet FFATA requirements and submits in the FSRS database
- Conducts other checks associated with award activation and obtaining institutional clearances (IRB, IACUC, etc.)
- Develops a monitoring plan for high risk subrecipients, in partnership with Grants Accounting



# Subrecipient Monitoring | Who

## Purchasing

- Bookkeeper submits subaward via Eagle Buy and it is approved by Grant Accounting and Office of Research. This establishes the subaward number for invoices to be paid against as costs are incurred.
- Reviews and negotiates terms and conditions of subaward
- Executes the subaward
- Notifies Office of Research, Bookkeeper, and PI of approval



# Subrecipient Monitoring | Who

Associate VP for Research

- Confirm final validation for subrecipient/contractor determination



# Subrecipient Monitoring When & How (PI)

- Intent to Submit (Ideal)
- As early as possible
  
- Intent to Submit Form
- Email or call Office of Research
- As early as possible



# Subrecipient Monitoring When & How (Office of Research)

- Pre-Award
  - Reviews determination
  - Reviews commitment form
- Notice of Award
  - Conducts risk assessment
  - Prepares appropriate FDP template
- Post-Award
  - Monitor / Report / Amend



# Q & A | Contact Info

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# Upcoming Research 101 Workshops

- Post-Award Management
  - February 25, 2021
- Responsible Conduct of Research
  - March 11, 2021

