Office of the Chancellor
Pennsylvania's State System of Higher Education
Procedures and Standards for University Operations

Procedure/Standard Number 2015-19
Subrecipient Management and Monitoring

Approved by: _____ **Date**: 7/9/15
Chancellor

History: Replaces the August 9 2010 *Subrecipient Management and Monitoring Guidelines;* Revised by ad hoc Grant Officer committee --September 2014; Grant Directors -- November 14, 2014; Accounting Officers – December 1, 2014; CAO's – January 15, 2015; VP's A&F – March 26, 2015

Revised:

Additional History:

Related Policies, Procedures or Standards:

Additional References: *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards,* published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200

I. Purpose and Intent

As recipients of grants from sponsors such as the federal government and other sources, State System universities must ensure satisfactory performance by subrecipients in order to fulfill their obligations to sponsors. The purpose of these procedures is to provide guidelines for State System universities to ensure that satisfactory performance. In addition, these procedures provide standards for State System Universities in fulfilling certain mandates and flow down requirements of federal grants. The federal Office of Management and Budget (OMB) "Uniform Guidance" defines certain responsibilities of "pass through entities" in managing "subrecipients." Of particular importance for this document is the requirement, among others, to "monitor the activities of subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, and the terms and conditions of the subaward, and that subaward performance goals are achieved." In addition, the pass-through entity must ensure the subrecipient has met the audit requirements of the Uniform Guidance Subpart F; it must advise subrecipients of requirements imposed on them by Federal laws, regulations and contracts or grant agreement provisions and require each subrecipient to permit access to records and financial statements. The Uniform Guidance also requires the university to undertake a risk analysis of each federal subrecipient and requires each subrecipient to provide performance reports that compare actual accomplishments to the objectives established by the federal award.

This document is intended to be used by Research Administrators, Grant Accountants and other administrative staff who should apply it and make principal investigators - or project directors aware of relevant sections as needed.

Universities may delegate defined tasks that this procedure assigns to specific offices or personnel, as long as such delegation is documented.

II. Definitions

A. **Co-Project Director or co-Principal Investigator:** Staff of a subrecipient who directs or performs the functions listed in II.D.

B. **Pass through entities:** A recipient of grant funding, such as the university, which in turn enters into an agreement with a subrecipient for a portion of those funds to carry out a program.

C. **Subaward**: A subaward is a formal written agreement made between the university and a subrecipient. It must include a clearly defined, intellectually significant Statement of Work (SOW) to be performed by the subrecipient, and by its personnel, using its own facilities and resources. Subawards are typically needed when the nature of the subrecipient's statement of work could result in intellectual property or publishable results being developed by the subrecipient. In most cases, the need for an entity to obtain compliance approvals (e.g., approval to use human subjects or animal subjects) will also indicate the need to use a subaward rather than a procurement action.

D. **Subrecipient**: A third party entity that performs a portion of the Statement of Work (SOW) under a sponsored project administered by the university. A subrecipient takes full responsibility for adhering to the terms and conditions of the subaward (including those flowed down from the sponsor), and assumes creative and intellectual responsibility and leadership as well as financial management for performing and fulfilling the subrecipient's SOW within the subrecipient's approved budget. The "subrecipient" (A.K.A. "subgrantee") party must meet the following criteria, which may not all be present in all cases:
   - Perform a substantive part of the programmatic work, which is defined as project activities that support the primary purpose of the prime award;
   - Have responsibility for programmatic decision making;
   - Use the funds provided to carry out a program of the sub-recipient as opposed to providing goods or services for a program of or the benefit of the prime grantee;
   - Determine who is eligible to receive financial assistance under the grant;
   - Have its performance measured against whether the objectives of the program are achieved;
   - Have responsibility for adherence to applicable program compliance requirements.

   The subrecipient or subgrantee, and its staff, such as a co-Project Director or co-Principal Investigator assigned to the project, typically are named in the grant proposal and their duties and obligations are an integral part of the response to the funder's requirements.

E. **Subcontracts/Procurement Actions**: When the university utilizes a sponsor's funds to purchase goods and services from a third party in an arms-length, buyer-seller relationship with a vendor, subcontracts must be awarded through an open and competitive process, i.e. solicitation of proposals or bids, in compliance with 2 CFR 200.317 through 200.326 when utilizing federal funds, and PA Act 57 of 1998 in all cases.

F. **Vendor** (or Sub-contractor): Is a third party that provides goods or services, including professional services or highly technical advice (such as a consultant), as a part of its normal business operations. A vendor meets the following criteria, which may not all be present in all cases:
   - Provides similar goods and services to many different purchasers;
   - Operates in a competitive environment in securing clients or customers;
   - Is responsible only for meeting the requirements of the contractual services contract between the university (prime grantee) and the vendor;
   - Provides goods and services that are ancillary to the operation of the grant or contract program;
   - Is not subject to compliance requirements of the grant or contract program.

G. **Uniform Guidance**: Is the shortened title of the *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards,* published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200 issued and effective December 26 2013.

III. The Subaward Process

A. **At proposal stage, before submitting the proposal,** the university grant office shall require the following information from prospective subrecipients:
   1. Preliminary Budget for the subaward(s) - including the subrecipient's direct and indirect costs, calculated using the subrecipient's approved Facilities & Administration ("F&A") rate and fringe benefit rate, and verifying any committed cost sharing.
   2. Preliminary Statement of Work for the subaward(s) - including a clear description of the work to be performed, the proposed timelines and deliverables.
   3. CV of co-project director/co-principal investigator.
   4. F&A rate agreement or indirect cost rate agreement.
   5. Letter of support confirming institutional support for participation.

B. **After award, but before executing the subaward** agreement, the university grant office shall require the following information from subrecipients:
   1. Final Budget for the subaward(s),
   2. Final Statement of Work for the subaward(s),
   3. Any information from Section III.A.3-5. not yet received or finalized,
   4. Institutional Review Board (IRB)/Institutional Animal Care and Use Committee (IACUC) approvals, if required, and
   5. Latest single audit or independently prepared financial statement, OR Certification of Audit, OR the subrecipient's Single Audit Clearinghouse Data Collection Form.

C. **During the term of the award**, the university shall receive from the subrecipient:
   1. Periodic progress reports from the co-Project Director ("PD") or co-Principal Investigator ("PI") to the university PD/PI,
   2. All deliverables per the project schedule/timeline,
   3. Quarterly invoices to the university PD/PI for approval and subsequent processing by the university accounting office,
   4. Any requests for changes in personnel through the PD/PI for guidance by the university grant officer and possible sponsor approval, and
   5. Any requests for changes in budget or work statement, submitted through the PD/PI for approval by the grant office.

D. **At Amendment** (including renewal or extension) **of a subaward**, the university grant office shall require the following information from subrecipients:
   1. Annual Budget for the subaward(s),
   2. Annual Statement of work for the subaward(s), and
   3. Current F&A rate agreements.
   4. Annually, federal Single Audit information, available on the Single Audit Clearinghouse website, or audited financial statements.

E. **At conclusion of the subaward and close-out**, the university must receive:
   1. Final invoice,
   2. Final report from the co-PD or co-PI,
   3. All deliverables due under the agreements, and
   4. All technical information, data, reports and other information required by the sponsor.

IV. Summary of Roles and Responsibilities

A. Subrecipient

The subrecipient, (i.e. the third-party entity) shall:

1. Provide the necessary personnel, material, facilities, and other direct costs reasonably required to accomplish the work set forth in the work statement.
2. Deliver all reports, documentation, data, hardware, software, and other deliverables to be furnished under the subcontract as set forth in the delivery schedule.
3. Ensure that all technical and administrative effort and delivery of all reports, documentation, data, hardware, software, and other deliverable end items are submitted by the contract end date.
4. Ensure that all personnel working on the project are completing mandated Time & Effort reporting with their agency.
5. Submit all program status reports and final performance reports within the timeframe outlined in the subaward.
6. Notify the university's PI immediately if a personnel substitution is needed. Personnel substitutions must be approved through the grant office.
7. Invoice the university grant accounting office as stated in the contract for work performed in accordance with the subaward. Invoices shall cover allowable costs incurred for work performed as outlined in the work statement. Invoices shall be in conformance with sponsor and university requirements.

8. Submit any budget or work statement modifications to the grant office, through the PI. Changes to the original subaward will only be approved in justifiable cases, and must remain in accordance with the prime contract.
9. Provide access to records and financial information as requested by the University.
10. Provide, as requested, audited financial statements or its federal Single Audit. (The latter available on the Federal Audit Clearinghouse)

B. **University Project Director (PD) or Principal Investigator(s) (PI)**

The university PD/PI is the individual primarily responsible for monitoring the programmatic and financial performance and progress on a subaward. In no event may such monitoring and compliance obligations be delegated to a non-university employee. As part of the university's monitoring responsibilities, the duties of the PD/PI (working in conjunction with the university grant office) during the life of the subaward are as follows. The university grant office shall orient first-time PD/PI's to these requirements:

1. Ensure that the subrecipient provides timely submission of all required materials to the grant office, including documents needed for issuance of the proposal approval and the subrecipient contract.
2. Review subrecipient's statement of work and budget to determine reasonableness.
3. Understand the terms and conditions of the prime award, including those flowed down to the subrecipient and those that may have been imposed by the university, and to regularly monitor the subrecipient's adherence to the subaward's terms and conditions. Such monitoring may take place through phone calls, emails, site visits, meetings, or other regular contact.
4. Review the subrecipient's invoices to confirm the invoices are:
   a. prepared in accordance with subaward requirements,
   b. the costs incurred are in accordance with the approved budget during the approved period of performance and overall cost limitations,
   c. costs incurred are aligned with the scientific progress reported to date, and
   d. costs are allowable, allocable and reasonable relative to the sponsor's terms and conditions and the subaward issued by the university. In the event the level of detail included on an invoice is not sufficient to fully understand the costs, or if it appears that some costs may be excessive or understated, the PD/PI is responsible for questioning the subrecipient's expenditures or requesting further documentation or explanation prior to approving an invoice. Such inquiries should be done in a timely manner (e.g., within thirty (30) days after receipt of an invoice) so that the subrecipient can be promptly paid for approved costs.
5. Accept satisfactory (as described above) subrecipient invoices, review expenditure statements and submit subrecipient invoices for institutional approvals and payment in a timely manner, consistent with the terms of the subaward.
6. Monitor the subrecipient's performance (i.e. scientific or programmatic progress) in terms of the Statement of Work and any required milestones. If progress is not satisfactory, or if performance reports required of the subrecipient are not submitted timely, the PD/PI is responsible for contacting the subrecipient to address these issues.
7. Verify that the subrecipient is adequately meeting any cost-sharing commitments made for the subaward, and that the subrecipient's indirect costs as charged are in compliance with the indirect cost rate specified in the subaward.

8. Verify that any human subject, animal subject, export control, biosafety or other compliance approvals applicable to the subrecipient's Statement of Work are kept current throughout the performance of the subaward. In the event of a lapse in approval, the PD/PI is responsible for immediately notifying the grant officer. Costs incurred by a subrecipient during a period of lapse may not be charged to a subaward.
9. Act as the primary point of contact for the subrecipient during performance of the subaward. The PD/PI may delegate those responsibilities on a day-to-day basis to another member of the research project, so long as such other member is a full-time, regular university employee.
10. Ascertain whether the subaward Statement of Work or Budget, or both, require modification to add funding, time, or other considerations; secure justification from the subrecipient for such changes, and notify the grant office in a timely manner so it can review and, if approved, prepare an Amendment.
11. Plan for efficient completion of performance and close-out of the Subaward by requiring that the Subaward period of performance end no later than the end date of the prime award, and that the subrecipient's final invoice, final technical report, and any required reports, including those on property, use of small businesses, or inventions, be submitted to the university no later than sixty (60) days after the end of the Subaward period of performance or as otherwise stated in the subaward terms and conditions.
12. Assist the grant office, upon request, in obtaining or reviewing reports, advising the grant office during risk analyses, complying with additional monitoring responsibilities for high-risk auditees, obtaining audit information or monitoring a subrecipient's adherence to corrective action plans.

C. **Grant Office** (aka Sponsored Research Office; refer to Section VI.)

The grant office is responsible, in coordination with other university offices, for the following:

1. Collect the subrecipient's audited financial statements or federal Single Audit summary information from the Single Audit Clearinghouse website, prior to the initial subaward and **annually thereafter** for renewed agreements.
2. Prepare, negotiate, and ensure the execution of the subaward, including renewals and extensions, in accordance with the budget and work statement as outlined in the prime contract.
3. Advise subrecipients of requirements imposed on them by the Uniform Guidance, other federal or state laws, sponsor regulations, and the provisions of contract and grant agreements as well as any supplemental requirements issued by grant office.
4. Ensure all federal flow-through subawards shall include appropriate debarment language requiring the subrecipient to assure the PI, principals on the project, and the university that they are not debarred from receiving federal funds.
5. Consult with the university Grant accounting office when a subrecipient invoice (or any invoice) contains costs which differ from the approved budget or appear to be unclear, unusual or unallowable.
6. Require each subrecipient to permit the university and its auditors to have access to the records and financial statements as necessary to ensure that the subrecipient is in compliance with the Uniform Guidance.
7. Coordinate university response to any subrecipient's audit findings, including demonstration that the subrecipient makes necessary corrections.

D. Grant Accounting Office

The university Grant accounting office is responsible for the following:

1. Review and take action on all subrecipient invoices after departmental review and approval of each invoice has been completed.
2. Request additional information, or confirmation, for any invoiced cost which appears to differ from the approved budget or appears to be unclear, unusual or unallowable and do so in consultation with the grant office.
3. Ensure accurate and timely payment of all invoices.
4. Provide subrecipients with up-to-date budget information as needed.
5. Coordinate through the PD/PI and the Grant offices to assure that proper financial close out procedures are followed.

V. Operational Procedures

A. Selection and Oversight of a Subrecipient

The PD/PI is responsible for determining the need for a subrecipient and/or contractors and therefore the need for a subaward and/or other procurement action on a sponsored project, and for the initial determination of which mechanism is appropriate. PD/PIs are typically assisted by the university grant office in making this determination. **Federal sponsors may require universities to document the determination, in which case, the grant office will either complete the sponsor's determination or sign off on the PI/PD's determination.** (Refer to Section II Definitions.)

Since a subrecipient, as defined, is not selected through a procurement action, the PD/PI must select a subrecipient based upon his/her assessment of the potential subrecipient's ability to perform the research or program work successfully. This includes an analysis of the subrecipient's past performance, technical resources and an assessment of the reasonableness of the subrecipient's proposed costs in light of the work to be performed. (Note: a risk assessment at a later point in the process includes financial stability.)

Rarely, and only in cases where the sponsor does not insist on the name of a subrecipient, a PD/PI may recognize the need for outside involvement on a project but is either unable to identify the best subrecipient by the time of proposal submission, or is unable to acquire all of the required paperwork from that subrecipient. In these instances, proposals may be submitted with a subrecipient "To Be Named." PD/PIs may be asked by their grant office or grant accountant to provide documentation of the basis for their subaward cost estimate for the work being performed. PD/PIs will also be responsible for managing any budgetary shortfalls that may result from their inability to accurately predict a subrecipient's costs, such as preparing budget revisions for the sponsor's approval. Subrecipients should not be asked to reduce their F&A recovery or to otherwise cost-share because of the university's failure to include appropriate costs in its proposal.

A subrecipient's proposal elements are expected to conform to the sponsor requirements for the prime proposal. PD/PIs are responsible for ensuring that they request all materials from their subrecipients in the correct format.

B. **Pre-Award Spending on Subawards**

A subaward will not be issued, nor payments to a subrecipient authorized, prior to receipt and acceptance of a funding commitment from the prime sponsor. A PD/PI or designee may not authorize a subrecipient to begin working without a fully executed subaward agreement in place. Proposed subrecipients who commence work without a fully signed subaward agreement from the university do so at their own risk and have no assurance of payment from the university. In the event a subaward is subsequently issued to a subrecipient, a subrecipient may claim costs properly incurred under its own risk, provided that the costs are otherwise allowable and the subaward agreement specifically authorizes "pre-award costs." In such cases, the subrecipient must furnish evidence to the university that all required compliance approvals were in place at the time the costs were incurred.

C. **Subaward Funding Mechanisms**

The university issues subawards on a cost-reimbursement basis. Rare exceptions may be made when it can be demonstrated that a fixed-price agreement is in the best interest of the university and meets the restrictions of the Uniform Guidance (at 2 CFR 200.201 and 200.332).

D. **Term of Subawards**

When feasible, the term or time of performance of a subaward agreement should be slightly shorter than the university's time of performance to allow sufficient time for collection and review of the subrecipient's final reports.

E. **Sole Source Certification**

A separate Sole Source Certification Form (a Pennsylvania state procurement form) shall not be required by university representatives for any *subaward.* Such form is appropriate for procurement actions only.

F. **Subaward Agreements**

Subaward agreements must be in a form acceptable to university Legal Counsel. At minimum they must contain the following provisions as required by the Uniform Guidance:

1. Federal Award Identification elements (2 CFR 200.331(a)(1)
   a. Subrecipient name as registered in DUNS
   b. Subrecipient's DUNS number
   c. Federal Award Identification Number (FAIN)
   d. Federal Award date
   e. Subaward period of performance Start and End Date
   f. Amount of Federal funds obligated by this action
   g. Total Amount of Federal funds obligated to the subrecipient (e.g. prior awards)
   h. Total amount of the Federal Award
   i. Federal Award project description, in a form responsive to the Federal Funding Accountability and Transparency Act (FFATA)
   j. Name of Federal awarding agency, pass through-entity, and contact information for awarding official.

k. CFDA Number and Name; identifying the dollar amount made available under each Federal award and the CFDA number at the time of disbursement
l. Identification of whether the award is R&D; and
m. Indirect cost rate or F&A rate for the federal award (including if the de minimis rate is charged per 2 CFR 200.414);

2. Time of performance;
3. Terms of payment;
4. Submission of performance reports, data, financial information;
5. Access to records and financial information as requested;
6. Termination for convenience and for cause;
7. Records retention;
8. Intellectual property rights;
9. Subrecipients approved or de minimis federal F&A or indirect cost rate, as allowed by sponsor;
10. Federal audit requirements;
11. Debarment and Suspension;
12. Anti-Lobbying;
13. Remedies for Non-compliance (2 CFR 200.338--200.342);
14. Other sponsor requirements, particularly Federal and state statutes, regulations and the terms and conditions of the sponsor's award;
15. Special conditions for high-risk subrecipients; (see Section VI)
16. Appropriate terms and conditions concerning close-out;
17. Sections 13, 14 and 16 of the State System agreement template (see *Supplemental Information*).

G. Subaward Performance and Financial Reporting

Subrecipients shall submit performance and financial reports no less frequently than annually and no more frequently than quarterly, except in unusual circumstances, e.g. frequent reporting is necessary for effective monitoring, or frequent reporting could significantly affect program outcomes. Reports are due typically within 30 days of the end of the activity period or other date as determined by the University.

1. Subrecipient reports shall include:
   a. a comparison of actual accomplishments to the objectives of the award;
   b. reasons why performance goals were not met;
   c. a financial report that compare the subaward's actual expenditures against budgeted expenses with analysis and explanation of cost overruns or high unit costs;
   d. obligation and expenditure of any "match" funds, if applicable; and
   e. data required by the Federal awarding agency.
2. Subrecipients must report any developments that have significant impact upon the supported activity as soon as the following types of conditions becomes known:
   a. Problems, delays or adverse conditions which have a material impact on the project;
   b. Favorable developments which have a material impact, such as significant cost savings or beneficial results that differ from expected.
3. Subrecipients must provide audited financial statements annually or a federal Single Audit (available through the Single Audit Clearinghouse).

VI. Subrecipient Monitoring – Risk Analysis

The university is required to perform a risk analysis to evaluate the likelihood that a subrecipient will fail to comply with the requirements of the subaward (2 CFR 200.331(b)). This risk analysis is handled by the grant office during the subaward issuance process, and is monitored during the life of the subaward. The criteria used in evaluating risk include:

1. the subrecipient's previous audit results,
2. the extent and results of prior oversight and monitoring of the subrecipient by the university,
   a. history of compliance with general or specific terms and conditions
   b. record of meeting expected performance goals
   c. concerns identified during the sponsor's merit review of the proposal
3. the nature and complexity of the scope of the proposed subaward,
4. fiscal maturity of the subrecipient,
5. fiscal stability of the subrecipient

A. Definition of Low-Risk and High-Risk Auditees

Low-risk subrecipients (the vast majority of potential subrecipients) include entities with current annual Single Audits containing "unmodified" opinions on their financial statements, and which have no reported material weaknesses in their internal controls.

High-risk subrecipients are:

1. Entities which have not completed annual Single Audits, or whose audit results have demonstrated weaknesses in administering Federal funding, a history of failing to adhere to applicable provisions of contracts and grant agreements, or weak internal control structures.
2. Entities which have prior unresolved findings from university's monitoring
3. Entities with -
   a. limited resources or
   b. little prior experience in performing the same or similar subawards
   c. novice personnel or
   d. new or substantially changed systems
4. International subrecipients shall be considered high-risk considering they operate under different laws and are likely unaware of federal flow-down requirements.

B. Special Actions for High-Risk Subrecipients

When the grant office has categorized a subrecipient as "high-risk," it will work with the PD/PI to ascertain whether or not a subaward should be issued, what special terms and conditions should be included in the subaward, as well as what additional oversight requirements will be necessary to adequately monitor the subaward. Some of these additional monitoring requirements (e.g, more frequent reporting, shorter periods of performance, smaller, more frequent funding allocations, or more detailed invoices or backup documentation) will become the responsibility of the PD/PI and administrators to enforce. In addition to the subrecipient agreement, additional written agreements, such as detailed timelines and staffing plans, logic models, etc, may be used to outline the responsibilities of the parties.

The university grant office is responsible for ensuring that adequate arrangements are in place to mitigate the additional risk to the university before issuing or continuing subawards with high-risk subrecipients.

C. Notification to Subrecipient

When a subrecipient has a history of failure to comply with general or specific terms and conditions of an award or failure to meet expected performance goals, the university may impose additional specific award conditions and must notify the subrecipient (per §200.207 (b)-(c) of:

1. the nature of the additional requirements,
2. the reasons for the additional requirements,
3. the nature of any actions needed to remove the requirements, if applicable,
4. the time allowed for completing the actions if applicable, and
5. the method for requesting reconsideration of the additional requirements.

Any special conditions must be promptly removed once the conditions that prompted them have been corrected.

D. Subrecipient Site Visits and Site Audits

Depending on the university's assessment of risk, PD/PI's and/or grant officers should engage in a site visit to a subrecipient to verify their programmatic, financial and technical fitness prior to entering into and/or continuing an agreement. Universities should be prepared to provide training and technical assistance on program-related matters. On-going monitoring site visits during project implementation are encouraged for high-risk subrecipients whenever feasible.

E. Award Period Monitoring

Universities are required to monitor all subrecipients, regardless of risk determination, during the award period and such efforts shall include:

1. Analyzing financial, technical and programmatic reports submitted by subrecipients and performing other procedures as necessary to ensure the subrecipient's proper accountability and compliance with program requirements and achievement of performance goals
2. Following up and ensuring that subrecipients take timely and appropriate action on all special conditions and other deficiencies detected through audits, on-site monitoring and other means.
3. Issuing a management decision for audit findings affecting the university's programs, as described in the Uniform Guidance.

F. Compliance

In cases on non-compliance the university shall consider taking enforcement action against non-compliant subrecipients as described in §200.338.

VII. Close-Out of Subawards

A Subaward is closed out when its period of performance comes to an end, regardless of whether the university's research project is ending or continuing. When feasible, it is

advisable for a subaward period of performance to be slightly shorter than the university's, to allow sufficient time for collection and review of the subrecipient's final reports, verification of subrecipient data, and incorporation of the subrecipient's research results into the university's final technical report to the sponsor.

A. **Final Technical Reports**

PD/PIs are responsible for obtaining final technical, performance and financial reports from their subrecipients, and retaining a copy in their project file. PD/PIs are encouraged to remind subrecipients of this need well in advance of the due date for such reports.

B. **Other Close-out Reports and Documents**

Other final reports, including property reports, invention reports, and Assignment and Release documents may be required. PD/PIs may be asked to assist the grant office in obtaining the necessary closeout reports in a timely manner from the subrecipient.

C. **Final Invoice**

In order for the university to comply with its financial report requirements, subrecipients are required to liquidate all obligations and submit a final invoice, clearly marked FINAL to the university no later than sixty (60) days after the end of the subrecipient's period of performance, or such other date as may be specified in the Subaward. Subrecipients must return balance of unobligated cash that the University paid in advance and that is not authorized to be retained. In the event no invoice is received sixty (60) days after the end of a subaward, the university may treat the subrecipient's last invoice as the final invoice. Payment for subrecipient invoices submitted to the university later than sixty (60)days after the end of the Subaward may not be paid. PD/PIs and departments are responsible for assisting the university in obtaining final close-out information, including invoices, from their subrecipients.

D. **Post Close-out Responsibilities**

The closeout of the subaward does not affect:

1. The right of the university to disallow costs and recover funds;
2. The obligation of the subrecipient to return any funds due as a result of later refunds, corrections or other transactions;
3. Audit requirements of the Uniform Guidance;
4. Property management and disposition;
5. Record retention.

VIII. Sanctions

Employees who do not fulfill their obligations under these requirements may be subject to disciplinary action in accordance with the applicable CBA, existing university rule or policy, Board of Governors Policies and State System procedures/standards.

In addition, the university shall follow Federal regulations regarding the notification of the sponsoring agency or repayment to the sponsoring agency in the event noncompliance with these requirements results in payment of costs that are not allowable, not allocable or

not reasonable relative to the sponsor's terms and conditions and the subaward issued by the university. The sponsor may take its own action, as it deems appropriate, including demanding repayment of such costs or the suspension of funding for the university, Project Director or Principal Investigator until the matter is resolved, or suspension or debarment from all federal grant for a period of time for severe cases.

IX. Supplemental Information

Training resources and agreement templates and other implementation tools are included in Supplemental Information, which may be updated without formally revising the Procedures/Standards.

Office of the Chancellor
Pennsylvania's State System of Higher Education
Procedures and Standards for University Operations

Procedure/Standard Number 2015-19
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SUPPLEMENTAL INFORMATION

1. RESOURCES:

A. Stanford University's online class: **Subawards: Recognizing, Processing, Managing.** This class consists of 3 modules:
https://doresearch.stanford.edu/training/cardinal-curriculum-level-ii/subawards-ora-1122
(*Note: skip registration and click on "view module" or do direct to individual module.*)
Module 1. Introduction and Overview -
http://ora.stanford.edu/cardinal/supporting_files/ORA1122_Module_1.pdf
Module 2. Processing a subaward -
http://ora.stanford.edu/cardinal/supporting_files/ORA1122_Module_2.pdf
Module 3. Monitoring a subaward –
http://ora.stanford.edu/cardinal/supporting_files/ORA1122_Module_3.pdf

B. ***Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards,*** published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200 http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
OR
http://www.maximus.com/sites/default/files/MAXIMUS_2%20CFR%20200.pdf

C. **Federal Audit Clearinghouse (FAC)**
https://harvester.census.gov/facweb/Default.aspx

D. **FAC Entity Search**
https://harvester.census.gov/fac/dissem/entity.html

E. **Excluded Parties List System ("Debarred contractors"):**
https://www.sam.gov/ Choose "search records"

2. MODEL FORMS /TEMPLATES

A. **Federal Demonstration Partnership Subaward Agreement Forms,**
As of February, 2015, the FDP forms have been updated to incorporate reference to the Uniform Guidance. FPD forms may be used in lieu of the State System Model Agreement if required legal terms are appended. Use of the FDP form may result in expedited review by the Subrecipient. Use this link for the current version, including attachments:
http://sites.nationalacademies.org/PGA/fdp/PGA_063626

B. **STATE SYSTEM TEMPLATES**

1. Audit Certification
2. Model Agreement For Federal Grant Subrecipient Services
3. Model Agreement For Grant Subaward Services (non-federal)
4. Prospective Subrecipient Questionnaire
5. Subrecipient Risk Assessment Checklist

TEMPLATE 1
Audit Certification

Our records indicate that your institution was a subrecipient of federal funds awarded to **[insert Name of State System university]** during the past fiscal year ending **[insert date]**. OMB *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards,* published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200, requires us to ensure that you are in compliance with the requirements of Subpart F – Audit Requirements

Please check the appropriate box and provide required documentation.

☐ Our Single Audit is not yet completed. We expect the audit to be completed by _____/_____/_____. Upon completion, we will advise you of the results and forward all appropriate documents.

☐ Our Single Audit for Fiscal Year **20__** has been completed. The audit presented no material weaknesses, material instance of noncompliance, no significant deficiencies and no findings related to the subawards from (**insert name of State System university**). Our audit report can be found at this web site OR are enclosed:

_____

☐ Our Single Audit included negative findings. A copy of the audit report and management letter is enclosed or can be found on the following web site: _____

☐ We are not subject to the requirements of Subpart F - Audit Requirements because:
( ) Our organization is for profit.
( ) Excluding federal *contracts* for goods and services, our organization expended less than $750,000 in federal grant awards in **FY 20__**.
( ) Our organization is a non-US, foreign entity.

If NOT subject to Subpart F, a copy of our financial statements and management letter are enclosed.
____ The management letter did not include material weaknesses.
____ The management letter did include material weaknesses, please see enclosed audit report and management letter.

I certify that the above checked boxes characterize the position of the institution of which I am a representative. Further, I certify that all relevant material findings contained in the audit report, if complete, have been disclosed.

Signature: _____ Date: _____
Typed Name and Title: _____

Re: **[insert name of State System U.]** Subcontract ID: _____

Please return to: **[State System U. grant officer]** via email or fax by ___**[insert date]**____

OR mail to **[Address of State System university]**

Your cooperation is appreciated. If you have any questions, please call me at (xxx)-xxx-xxxx.

Sincerely,

NOTE: System Universities may opt to use the Federal Demonstration Partnership (FDP) template posted at http://sites.nationalacademies.org/PGA/fdp/PGA_063626, when it is updated to reflect the Uniform Guidance OR universities may use the standard template below

TEMPLATE 2 (version date 1.12.15)

AGREEMENT FOR FEDERAL GRANT SUBRECIPIENT SERVICES
_____University of Pennsylvania

This Agreement for Services ("Agreement") is made and entered into the ___ day of _____, 20____ by _____, a non-profit organization, hereinafter called "SUBRECIPIENT," located at _____ (Federal ID No._____) and the _____University of Pennsylvania, a member of the Pennsylvania State System of Higher Education, hereinafter called "UNIVERSITY," located at _____, Pennsylvania, [ZIP].

WHEREAS, the UNIVERSITY has received funds from the _____ [awarding agency] _____, under the _____ [grant name/number] _____ to provide _____ [project name/services] _____; and

WHEREAS, the SUBRECIPIENT is a collaborator/co-applicant in the proposal for the PROJECT and has the expertise and resources necessary to implement the PROJECT; and

WHEREAS, but for the participation of the SUBRECIPIENT, the UNIVERSITY would be unable to implement the PROJECT and receive the grant; and

WHEREAS, the SUBRECIPIENT is a "subrecipient" and this agreement constitutes a "subaward," as such terms are defined in OMB Uniform Guidance , it is therefore not subject to procurement under PA Act 57 of 1998;

NOW, THEREFORE, intending to be legally bound, the parties to this Agreement agree as follows:

1. ***Type of Contract:***
   All services indicated in this Agreement will be provided by SUBRECIPIENT for an amount not to exceed $_____ as set forth in Appendix A.

2. ***Contacts:***

A. **SUBRECIPIENT Project Director:**

Name:

Address:

Phone: (___) ___-____

Fax: (___) ___-____

E-mail: _____

Name:

Address:

Phone: (___) ___-____

Fax: (___) ___-____

E-mail: _____

B. **UNIVERSITY Project/Agreement Manager:**

3. ***Purpose of Project***:
The purpose of this PROJECT is to:
A.
B.
C.

4. ***Scope of Work***:
The scope of work to be provided by SUBRECIPIENT is set forth in Appendix B.

5. ***Subrecipient Personnel Involved in Project***:
_____ [Co-PI/Senior personnel listed by name] _____will provide the oversight as the SUBRECIPIENT's Project Director.

6. ***Beginning Date***:
This Agreement shall not be legally effective until after the review and approval of the Office of the Attorney General of Pennsylvania, and an effective date is stamped upon it. No work shall be performed or services rendered until said approval is obtained. The proposed start date is _____.

7. ***Completion Date***:
All services will be completed by _____ unless otherwise extended in writing by both parties.

8. ***Termination Conditions:***
A. Notification of Termination by UNIVERSITY:
UNIVERSITY has the right to terminate this Agreement for any reason. Official notification of termination must be in writing and provided to SUBRECIPIENT thirty (30) days prior to termination date.
B. Notification of Termination by SUBRECIPIENT:
SUBRECIPIENT has the right to terminate this Agreement for any reason. Official notification of termination must be in writing and provided to UNIVERSITY ninety (90) days prior to termination date.

9. ***Project Deliverables to be Produced by the SUBRECIPIENT Project Director:***
SUBRECIPIENT will provide a performance progress report to UNIVERSITY Project Manager ____ quarterly or ____annually **[check one]** indicating the services provided through the PROJECT. SUBRECIPIENT will submit a final performance report and a final expenditure report to UNIVERSITY Project Manager on or before _____.

10. ***Billing for Services***:
Total cost to UNIVERSITY for the PROJECT is $_____ as outlined in Appendix A. UNIVERSITY agrees to make payments in response to invoices from SUBRECIPIENT as follows: ***Check one***
____A. In three equal installments of $_____with the first installment occurring on or before _____. The second payment will occur on or before _____, and the third at the completion of services on or before _____.
____ B. As an advance of ____% within 30 days of execution of this agreement and the final ____ % upon completion of services.
____ C. Quarterly reimbursement for actual costs incurred by SUBRECIPIENT.

Any unexpended funds remaining in the PROJECT budget at the end of this agreement will be returned to UNIVERSITY.

11. ***Changes to Agreement***:

This Agreement and the attachments constitute the entire agreement between the parties. Changes to this Agreement may only be made upon mutual agreement of both parties through a written amendment to this Agreement signed by authorized agents.

12. ***Legal Notices:***

All notices, requests, demands, directions and other communications given to or made upon any party hereto shall be in writing and delivered or sent, postage prepaid, to the applicable party as follows:

To **UNIVERSITY:**	**To SUBRECIPIENT:**
Name:	Name:
Address:	Address:
Phone: (___) ___-____	Phone: (___) ___-____
Fax: (___) ___-____	Fax: (___) ___-____
E-mail:_____	E-mail:_____

or to such other party and address as may be designated in writing.

13. ***Nondiscrimination:***

The parties agree to continue their respective policies of nondiscrimination based on Title VI of the Civil Rights Act of 1964 in regard to sex, age, race, color, creed, national origin, Title IX of the Education Amendments of 1972 and other applicable federal and state laws, as well as the provisions of the Americans with Disabilities Act.

14. S***ubrecipient Integrity:***

A. SUBRECIPIENT shall not disclose to others any confidential information gained by virtue of this agreement.

B. SUBRECIPIENT shall not, in connection with this or any other agreement with UNIVERSITY, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the services outlined in this contract.

C. SUBRECIPIENT shall not, in connection with this or any other agreement with UNIVERSITY, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of UNIVERSITY.

D. SUBRECIPIENT upon being informed or having knowledge that any violation of these provisions has occurred or may occur, shall immediately notify UNIVERSITY.

E. For violation of any of the provisions, UNIVERSITY may terminate this and any other Agreement with SUBRECIPIENT, claim liquidated damages in an amount equal to the value of services provided, and claim damages for all expenses incurred. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those UNIVERSITY may have under law, statute, regulation, or otherwise.

15. ***Special terms and conditions:***

[Insert (or delete) additional terms and conditions such as ownership of equipment, eligibility of pre-incurred costs, patents and intellectual property rights, other requirements as specified in contract with sponsor, other]

A. Copyrights

SUBRECIPIENT ___ grants / ___ shall grant (***check one***) to UNIVERSITY an irrevocable, royalty-free, non-transferable, non-exclusive right and license to use, reproduce, make derivative works, display, and perform publicly any copyrights or copyrighted material (including any computer software and its documentation and/or databases) first developed and delivered under this Subaward Agreement solely for the purpose of and only to the extent required to meet Prime Recipient's obligations to the Federal Government under its Prime Award.

B. Data Rights
SUBRECIPIENT grants to UNIVERSITY the right to use data created in the performance of this Subaward Agreement solely for the purpose of and only to the extent required to meet Prime Recipient's obligations to the Federal Government under its Prime Award.

C. Title to equipment costing $5,000 or more that is purchased or fabricated with awarded funds or SUBRECIPIENT cost sharing funds, as direct costs of the project or program, shall conditionally vest in the SUBRECIPIENT upon acquisition without further obligation to the Federal Awarding Agency.

D. Costs incurred within 90 days prior to the effective date of this agreement that are otherwise allowable per the approved Budget, are eligible for reimbursement. SUBRECIPIENT must furnish evidence to the university that all required compliance approvals were in place at the time the costs were incurred

F. The SUBRECIPIENT shall acknowledge the support from this grant in any publicity or publications about this project.

16. ***Standard terms and conditions:***

A. SUBRECIPIENT agrees to comply with all applicable laws and regulations of the Commonwealth of Pennsylvania in carrying out this Agreement.

B. SUBRECIPIENT represents that it is not currently debarred or suspended from doing business with the federal government. In the event that the SUBRECIPIENT receives notice of debarment or suspension it shall promptly notify the UNIVERSITY.

C. SUBRECIPIENT its agents and employees, shall act in an independent capacity and shall not act or be deemed to act as officers, employees, or agents of the Commonwealth of Pennsylvania. Neither of the parties shall be deemed to be or construed as partners or joint venturers with the other.

D. This agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. SUBRECIPIENT consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. SUBRECIPIENT agrees that any such court shall have personal jurisdiction, and consents to service of process in any manner authorized by Pennsylvania law.

E. In the event of conflict between the provisions of this form and any attachment hereto, the provisions of this form shall prevail.

F. UNIVERSITY's obligation to pay is not assignable without prior written consent of SUBRECIPIENT, nor can SUBRECIPIENT assign its duties to anyone else without UNIVERSITY's written permission.

G. UNIVERSITY's obligations are contingent upon the availability of the individuals to perform the services as specified in this Agreement.

H. Neither of the parties shall assume any liabilities to each other. As to liability to each other or death to persons, or damages to property, the parties do not waive any defense as a result of entering into this contract. This provision shall not be construed to limit sovereign immunity of the Commonwealth or the UNIVERSITY.

I. SUBRECIPIENT agrees to comply with all applicable laws and regulations of the Federal Government, including OMB Uniform Guidance (2 C.F.R. Chapter II, Part 200) and federal agency implementing regulations if identified on Appendix D.

I. SUBRECIPIENT agrees to allow UNIVERSITY access to records and financial information as requested, including promptly responding to requests for copies of records and financial information. SUBRECIPIENT shall provide access for the UNIVERSITY and its auditors to all records related to the performance of this agreement.

J. The SUBRECIPIENT shall acknowledge the support from this grant in any publicity or publications about this project.

J. Project Close-out. SUBRECIPIENT shall comply with the UNIVERSITY'S close-out procedures and supply its final invoice within 60 days after the end of the period of performance or other such date as specified by the UNIVERSITY. Payment for SUBRECIPIENT invoices submitted to the UNIVERSITY later than sixty (60) days after the end of this agreement may not be paid. Closeout of this agreement does not affect:

1. The right of the UNIVERSITY to disallow costs and recover funds;
2. The obligation of the SUBRECIPIENT to return any funds due as a result of later refunds, corrections or other transactions;
3. Audit requirements of the Uniform Guidance;
4. Property management and disposition;
5. Record retention.

18. ***Attachments:***

SUBRECIPIENT agrees to fully meet and comply with the provisions attached and incorporated herein as: Appendix A, the Budget; Appendix B, Scope of Work and Proposed Timeline; Appendix C Federal Award Information and Appendix D. Federal Terms and Conditions.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

For SUBRECIPIENT:

_____
Date

For UNIVERSITY:

_____
Title, Date

Approved as to form and legality:

_____
university Legal Counsel, Date

_____
Deputy Attorney General, Date
Office of the Attorney General of Pennsylvania

SAP: _____
GL:_____

APPENDIX A

Budget

Cost item (GL)	Federal Share	Matching Funds	Total

NOTES:

APPENDIX B

Scope of Work

The Subrecipient shall comply with all applicable laws, regulations and grant guidelines, including the funding announcement # _____ dated _____ , the proposal for funding dated _____ and funding award #_____ dated _____ and requirements cited therein.

[ENTER NARRATIVE, TASKS, PERFORMANCE OUTCOMES AND TIMETABLE]

APPENDIX C

FEDERAL AWARD INFORMATION

[Complete for federally-funded subawards]

Federal Award Identification elements (2 CFR 200.331(a)(1)

Subrecipient name as registered in DUNS: _____

Subrecipient's DUNS number or other unique identifier: _____

Federal Award Identification Number (FAIN): _____

Federal Award date: _____

Subaward period of performance Start and End Date: _____

Amount of Federal funds obligated by this action: _____

Total Amount of Federal funds obligated to the subrecipient (e.g. prior awards): _____

Total amount of the Federal Award: _____

Federal Award project description, in a form responsive to the Federal Funding Accountability and Transparency Act (FFATA): _____

Name of Federal awarding agency, pass through-entity, and contact information for awarding official: _____

CFDA Number and Name; identifying the dollar amount made available under each Federal award and the CFDA number at the time of disbursement: _____

Identification of whether the award is R&D: _____

Indirect cost rate or F&A rate for the federal award (including if the de minimis rate is charged per 2 CFR 200.414): _____

APPENDIX D

FEDERAL TERMS AND CONDITIONS

[Complete for federally-funded subawards]

A. SUBRECIPIENT certifies that it has duly adopted policies and procedures for federal requirements as applicable, including:

1. Conflict of Interest ___Applicable ___Not Applicable
2. Integrity in Research or Research Misconduct ___Applicable ___Not Applicable
3. Protection of Human Subjects ___Applicable ___Not Applicable
4. Guide for the Care and Use of Laboratory Animals and Institutional Animal Care and Use Committee (IACUC) ___Applicable ___Not Applicable
5. Procurement in conformance with 2 CFR 200.317-326 ___Applicable ___Not Applicable
6. Time and Effort Reporting in conformance with 2 CFR 200.430 ___Applicable ___Not Applicable
7. Record Retention in conformance with 2 CFR 200.333-335 ___Applicable ___Not Applicable
8. Inventory/Property Management in conformance with 2 CFR 200.313 ___Applicable ___Not Applicable
9. Financial Management Systems in conformance with 2 CFR 200.302 ___Applicable ___Not Applicable

B. SUBRECIPIENT certifies that it has an approved indirect cost rate or F&A rate agreement with its federal cognizant agency. ___Applicable ___Not Applicable

C. SUBRECIPIENT certifies that, if applicable. it will carry out the subaward in compliance with federal export control and sanctions laws and regulations (Export Administration Regulations of the US Department of Commerce and the ITAR of the Department of State, and Embargoes and Sanctions of the Office of Financial Asset Control) ___Applicable ___Not Applicable

TEMPLATE 3
AGREEMENT FOR GRANT SUBAWARD SERVICES
(involving non-federal funds)
____University of Pennsylvania

This Agreement for Services ("Agreement") is made and entered into the _____ day of _____, 20____ by _____, a non-profit organization, hereinafter called "AGENCY" located at _____ (Federal ID No._____) and the _____University of Pennsylvania, a member of the Pennsylvania State System of Higher Education, hereinafter called "University", located at _____, Pennsylvania _____.

WHEREAS, the University has received funds from the _____[awarding agency]_____, under the _____[grant name]_____ to implement the _____[project name]_____, hereinafter "PROJECT"; and

WHEREAS, the AGENCY is a collaborator/co-applicant in the proposal for the PROJECT and has the expertise and resources necessary to implement the PROJECT; and

WHEREAS, but for the participation of AGENCY, UNIVERSITY would be unable to implement the PROJECT and receive the grant; and

WHEREAS, this agreement constitutes a grant of financial assistance to AGENCY, that is not subject to procurement under PA Act 57 of 1998;

NOW, THEREFORE, intending to be legally bound, the parties to this Agreement agree as follows:

3. ***Type of Contract:***

All services indicated in this Agreement will be provided by AGENCY for an amount not to exceed $_____ as set forth in Appendix A.

4. ***Contacts:***

A. **AGENCY Project Manager:**
Name:
Address:
Phone: (_____) _____
Fax: (_____) _____
E-mail: _____

B. **UNIVERSITY Project/Agreement Manager:**
Name:
Address:
Phone:
Fax:
E-mail:

3. ***Purpose of Project***:

A. The purpose of this PROJECT is to _____.

4. ***Scope of Work***:

The Scope of work to be provided by the AGENCY is as set forth in Appendix B.

5. ***Primary AGENCY Personnel Involved in Project***:

_____[Agency's Senior key personnel; list all names]_____will provide the oversight as the Project Director.

6. ***Beginning Date***:

This Agreement shall not be legally effective until after the review and approval of the Office of the Attorney General of Pennsylvania, and an effective date is stamped upon it. No work shall be performed or services rendered until said approval is obtained. The proposed start date is _____.

7. ***Proposed Completion Date***:

All services will be completed by _____ unless otherwise extended in writing by both parties.

8. ***Termination Conditions***:

A. Notification of Termination by UNIVERSITY:

UNIVERSITY has the right to terminate this Agreement for any reason. Official notification of termination must be in writing and provided to AGENCY thirty (30) days prior to termination date.

B. Notification of Termination by AGENCY:

AGENCY has the right to terminate this Agreement for any reason. Official notification of termination must be in writing and provided to UNIVERSITY ninety (90) days prior to termination date.

9. ***Project Deliverables to be Produced by the AGENCY Project Director*** :

AGENCY will provide a progress report to UNIVERSITY Project Manager on or before _____ indicating the services provided through the PROJECT. AGENCY will submit a final progress report and a final expenditure report to UNIVERSITY Project Manager on or before _____.

10. ***Billing for Services***:

Total cost to UNIVERSITY for the PROJECT is $_____ as outlined in Appendix A. UNIVERSITY agrees to make payments in response to invoices from AGENCY as follows: ***check one***

____A. In three equal installments of $_____with the first installment occurring on or before _____. The second payment will occur on or before _____, and the third at the completion of services on or before _____.

____ B. As an advance of ____% within 30 days of execution of this agreement and the final ____ % upon completion of services.

____ C. Quarterly or monthly reimbursement for actual costs incurred by AGENCY.

Any unexpended funds remaining in the PROJECT budget at the end of this agreement will be returned to UNIVERSITY.

11. ***Changes to Agreement***:

This Agreement and the attachments constitute the entire agreement between the parties. Changes to this Agreement may only be made upon mutual agreement of both parties through a written amendment to this Agreement signed by authorized agents.

12. ***Legal Notices***:

All notices, requests, demands, directions and other communications given to or made upon any party hereto shall be in writing and delivered or sent, postage prepaid, to the applicable party as follows:

To UNIVERSITY:

Name
Address

Phone:
Fax:
e-mail:

To AGENCY:

Name:
Address:

Phone: (____) _____
Fax: (____) _____
E-mail: _____

or to such other party and address as may be designated in writing.

13. ***Nondiscrimination***. The parties agree to continue their respective policies of nondiscrimination based on Title VI of the Civil Rights Act of 1964 in regard to sex, age, race, color, creed, national origin, Title IX of the Education Amendments of 1972 and other applicable federal and state laws, as well as the provisions of the Americans with Disabilities Act.

14. ***Agency Integrity***

A. AGENCY shall not disclose to others any confidential information gained by virtue of this agreement.

B. AGENCY shall not, in connection with this or any other agreement with UNIVERSITY, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the services outlined in this contract.

C. AGENCY shall not, in connection with this or any other agreement with UNIVERSITY, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of UNIVERSITY.

D. AGENCY upon being informed or having knowledge that any violation of these provisions has occurred or may occur, shall immediately notify UNIVERSITY.

E. For violation of any of the provisions, UNIVERSITY may terminate this and any other Agreement with AGENCY, claim liquidated damages in an amount equal to the value of services provided, and claim damages for all expenses incurred. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those UNIVERSITY may have under law, statute, regulation, or otherwise.

15. ***Special terms and conditions***

[Insert additional terms and conditions such as ownership of equipment, eligibility of pre-incurred costs, requirements as specified in contract with sponsor.]

16. ***Standard terms and conditions***

A. AGENCY agrees to comply with all applicable laws and regulations of the Commonwealth of Pennsylvania in carrying out this Agreement.

B. AGENCY its agents and employees, shall act in an independent capacity and shall not act or be deemed to act as officers, employees, or agents of the Commonwealth of Pennsylvania. Neither of the parties shall be deemed to be or construed as partners or joint venturers with the other.

C. This agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. AGENCY consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. AGENCY agrees that any such court shall have personal jurisdiction, and consents to service of process in any manner authorized by Pennsylvania law.

D. In the event of conflict between the provisions of this form and any attachment hereto, the provisions of this form shall prevail.

E. UNIVERSITY's obligation to pay is not assignable without prior written consent of AGENCY, nor can AGENCY assign its duties to anyone else without UNIVERSITY's written permission.

F. UNIVERSITY's obligations are contingent upon the availability of the individuals to perform the services as specified in this Agreement.

G. Neither of the parties shall assume any liabilities to each other. As to liability to each other or death to persons, or damages to property, the parties do not waive any defense as a result of entering into this contract. This provision shall not be construed to limit sovereign immunity of the Commonwealth or the UNIVERSITY.

H. AGENCY agrees to allow UNIVERSITY access to records and financial information as requested, including promptly responding to requests for copies of records and financial information.

17. ***Attachments:***

AGENCY agrees to fully meet and comply with the provisions attached and incorporated herein as: Appendix A; the Budget, Appendix B; Scope of Work,

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

For AGENCY

_____
Title Date

For University

_____
Title Date

Approved as to form and legality:

_____
University Legal Counsel, Date

_____
Deputy Attorney General, Date
Office of the Attorney General
of Pennsylvania

SAP: _____

GL _____

APPENDIX A

Budget

Cost item (GL)	Grant Share	Matching Funds	Total

NOTES:

APPENDIX B

Scope of Work

The Subrecipient shall comply with all applicable laws, regulations and grant guidelines, including the funding announcement # _____ dated _____ , the proposal for funding dated _____ and funding award #_____ dated _____ and requirements cited therein.

[ENTER NARRATIVE, TASKS, PERFORMANCE OUTCOMES AND TIMETABLE]

SUPPLEMENTAL CONDITIONS FOR GRANTS

1. Costs incurred within 90 days prior to the effective date of this agreement are eligible for reimbursement.

2. All Subrecipient compensation will be provided in conformance with collective bargaining agreements, and the Fair Labor Standards Act.

3. The Subrecipient shall acknowledge the support from this grant in any publicity or publications about this project.

4. The Subrecipient shall provide the University with data required to fulfill grant reporting requirements, including aggregate demographics of project participants, and other such data as reasonably available.

Questions for a Prospective Subrecipient (version date 8.19.15)

INSTRUCTIONS: Your institution is being considered for a subaward under a federal grant. Please complete the following questionnaire, certify it by a knowledgeable and responsible institution/organization official and return to the University office designated below.

A. Administrative Matters

1. Name of institution/ organization (subrecipient): _____
2. Business address: _____
3. Name and title of person responsible for financial matters: _____
4. Contact information (email address and telephone number): _____
5. Name and title of person able to certify to the accuracy of the completed questionnaire: _____(This individual must sign this form in Section D.)
6. F.E.I.N.: _____
7. DUNS #: _____

B. Capacity

1. Has the subrecipient previously received grants that originated from the federal government? Yes__ No ___

If YES, please list the last three agreements and note whether each was a prime award/ contract or lower-tier award/ subcontract and the time period of performance.

a. Awarding agency:	Time period:	Type of award:
b. Awarding agency:	Time period:	Type of award:
c. Awarding agency:	Time period:	Type of award:

2. Does the Subrecipient have formal, written procedures that address the following research compliance areas?
   a. Responsible Conduct of Research Yes__ No ___
   b. Protection of Human Subjects (IRB) Yes__ No ___
   c. Animal Welfare (IACUC) Yes__ No ___
   d. Investigator Conflict of Interest Yes__ No ___
   e. Time and Effort Reporting Yes__ No ___

3. If NO to any item in 2, is the Subrecipient willing and able to comply with the University's procedures? Yes__ No ___

4. Is the Subrecipient currently debarred or suspended from doing business with the federal government? Yes__ No__

C. Financial

1. Does the subrecipient submit is Single Audit to a federal agency? Yes__ No ___
   If YES, please provide the agency's name: _____

2. Does the subrecipient have a negotiated F&A rate or indirect cost rate? Yes__(Please attach it) No ___
   a. If NO, please provide documentation to substantiate any proposed overhead rate, i.e., breakdown of rate components.
   b. If YES what is the rate? _____
   c. To what base is it applied? _ direct salaries and wages _total direct costs _ modified total direct costs _ other. If "other", please identify basis_____
   d. What period does it cover? _____
   e. Who prepared it? _____
   f. Which agency approved it? _____

3. Is the subrecipient required to have an A-133 audit? Yes___ No___
   If YES, please provide a copy of the most recent audit. (No need to complete the remaining questions.)

If NO, please continue.

4. Does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm? Yes___ No___

If YES, please provide a copy of the statement for the most recent fiscal year.
If No, please explain:

5. If applicable (if the subrecipient received more than $50 million in federal awards in its most recent fiscal year (see 48 CFR Chapter 99, Parts 9903.201-1 and 9903.201-2)) will the subrecipient agree to adhere to Cost Accounting Standards Board regulations under the proposed subcontract? (See 48 CFR Ch.99, Part 9904 or 9905 for educational institutions) Yes__ No ___

a. If NO, does the subrecipient have a financial management system that provides records that can identify the source and application of funds for award-supported activities in accordance with the proposed budget? Yes ___ No___

6. Does the subrecipient have a financial management system that provides for the control and accountability of project funds, property, and other assets? Yes_ No_

7. Describe the method used to support labor and benefit charges:

8. Does the subrecipient maintain an inventory of government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? Yes__ No ___

9. Does the subrecipient have a formal, written policy that addresses:

a. Pay rates and benefits? Yes__ No ___
b. Time and attendance? Yes__ No ___
c. Leave? Yes__ No ___
d. Discrimination? Yes__ No ___
e. Nepotism? Yes__ No ___
f. Conflict of interest? Yes__ No ___
g. Travel? Yes__ No ___
h. Purchasing? Yes__ No ___

D. CERTIFICATION:

The above information is true and correct to the best of my knowledge. I understand others will rely upon this information in undertaking a risk assessment of my institution/organization prior to the award of federal funds.

Name: _____
Title: _____
Signature: _____
Date: _____

Return this form by ___*{date}*_____ to:

Name_____
Email_____
Address_____
Institution_____

Risk Assessment Tool (version date 3.28.16)

Adapted from AGA

INSTRUCTIONS: This form is completed when considering entering into a federal grant/contract ***subaward.*** It may be completed by the Sponsored Research office or various sections may be completed by other offices/persons depending on expertise. If entering into a subaward with another PASSHE university, do not complete this risk assessment or a formal subaward agreement.

Subrecipient Name: _____
Date of Assessment_____
Program/Project: _____

Address of subrecipient: _____
Name and title of person responsible for financial matters:

_____
Contact information (email address and telephone number):

_____

QUICK RISK ASSESSMENT FOR SUBAWARD RENEWALS

1. Is the subrecipient's award less than or equal to $1000 or 10% of the prime university award?
Yes_____ No_____

2. Is there a one-year, or longer, record of *exemplary past performance* (i.e. timely performance, all outcomes delivered, no financial discrepancies/problems) by the subrecipient and its staff on this *same* project/grant? Yes_____ No_____ Please describe:_____

3. If the answer to BOTH 1 and 2 is YES, review the subrecipient's Single Audit or financial statement and go to Section V.

I. GENERAL (CAPACITY) ASSESSMENT Completed by:_____

A. (NO responses indicate risk)

1. Has the subrecipient previously received grants from the federal government? Yes_____ No_____

2. Has the subrecipient been timely in responding to program/fiscal requests, reports etc. ?
Yes____ No_____ N/A_____COMMENTS:

3. Does the subrecipient have the required research compliance procedures? Yes____ No_____
N/A_____COMMENTS:

a. If NO, has the Subrecipient agreed to follow the University's procedures? Yes____ No_____
N/A_____ COMMENTS:

4. If the University had past subawards with this subrecipient,

a. Has the subrecipient complied with general terms and conditions? Yes___ No_____ N/A_____
COMMENTS:

b. Has the subrecipient met expected performance goals? Yes____ No_____
N/A_____COMMENTS:

B. (YES responses indicate risk)

5. Is this program (grant) new for the subrecipient? Yes_____ No_____ N/A_____ COMMENTS:

6. Are you aware if the subrecipient's faculty or staff assigned to the program are inexperienced with the program? *(consult proposal bio sketches, resumes, cv's)* Yes____ No_____ N/A_____COMMENTS:

7. Is the subrecipient's scope of work unusually complex *(e.g., program, funding, matching requirements)*?
Yes____ No_____ N/A_____COMMENTS:

8. Did the sponsor identify any concerns regarding the subrecipient during its merit review? Yes____ No_____ N/A_____COMMENTS:

9. Have any other entities (program offices, auditors, colleagues, etc.) alerted us of potential risk areas? Yes____ No_____ N/A_____COMMENTS:

10. Other areas of capacity assessment risk (entity-specific):

II. LEGAL ASSESSMENT Completed by:_____

(Yes responses indicate risk)

1. Is the subrecipient currently or previously been suspended or debarred? (Search Records on the Federal System for Award Management www.sam.gov) Yes____ No_____ N/A_____
If yes, explain. _____(Attach additional sheet if needed).
COMMENTS:

2. Is the subrecipient an international institution/organization? Yes____ No_____ N/A_____COMMENTS:
If YES, the subrecipient is automatically classified as high risk.

3. Other areas of legal assessment risk (entity-specific)

III. FINANCIAL SYSTEM ASSESSMENT Completed by:_____

(No responses indicate risk)

Is the subrecipient required to have a Single Audit? Yes ____ No ____

If **Yes**, search and access the subrecipient's audit at the Federal Audit Clearinghouse https://harvester.census.gov/fac/dissem/accessoptions.html and go to **Section IV.**

If **No**, complete this section, using the subrecipient's responses on the *Questions for a Prospective Subrecipient.*

1. Will the **subrecipient** agree to adhere to Cost Accounting Standards Board regulations under the proposed subcontract? Yes____ No_____ COMMENTS:

If NO, Does the **subrecipient** have a financial management system that provides records that can identify the source and application of funds for award-supported activities? Yes____ No_____ COMMENTS:

2. Does the **subrecipient** have a financial management system that provides for the control and accountability of project funds, property, and other assets? Yes____ No_____ N/A_____ COMMENTS:

3. Does the **subrecipient** have a formal, written policy that addresses--

a) Pay rates and benefits? Yes____ No_____ COMMENTS:
b) Time and attendance? Yes____ No_____ COMMENTS:
c) Leave? Yes____ No_____ COMMENTS:
d) Discrimination? Yes____ No_____ COMMENTS:
e) Nepotism? Yes____ No_____ COMMENTS:
f) Conflict of interest? Yes____ No_____ COMMENTS:
g) Travel? Yes____ No_____ COMMENTS:
h) Purchasing? Yes____ No_____(See Endnote) COMMENTS:

4. Does the **subrecipient** have a method to support labor and benefit charges? Yes____ No_____ COMMENTS:

5. Does the **subrecipient** maintain an inventory of government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? Yes____ No_____ COMMENTS:

6. Other items of financial system assessment (entity-specific):

IV. OVERALL FISCAL ASSESSMENT Completed by:_____

(Yes responses indicate risk)

1. Will this subrecipient receive a large proportion of this grant's funds?
Yes____ No_____ N/A_____COMMENTS:

2. If this subaward is a continuation or a renewal, have there been variations between expenditures and the proposal budget (in the most recent annual report)?
Yes____ No_____ N/A_____ *(large variations=higher risk)* COMMENTS:

3. If this subaward is a continuation or a renewal has the subrecipient returned (lapsed) significant unspent funds?
Yes____ No_____ N/A_____ COMMENTS:

4. Other items of overall fiscal assessment (entity-specific):

V. FINANCIAL STABILITY (AUDIT) ASSESSMENT Completed by:_____

(Yes responses usually indicate risk)

To complete this section, search and access the subrecipient's audit at the Federal Audit Clearinghouse https://harvester.census.gov/fac/dissem/accessoptions.html

1. Has it been more than one year since the subrecipient completed a Single Audit? (No single audit=higher risk)
Yes____ No_____ N/A_____IF NO, WHY NOT? _____

2. If the subrecipient is not required to have a Single Audit, does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm?
Yes__ No___ COMMENTS ***NO indicates risk***

A. For subrecipients with a federal Single Audit. N/A ____

1. Does the subrecipient's federal Single Audit (in Financial Statements Summary) include--
    a) An audit opinion (audit "type") that is qualified/modified opinion, adverse opinion or disclaimer of opinion? Yes____ No_____ COMMENTS:
    b) A "going concern"? Yes____ No_____ COMMENTS:
    c) A significant deficiency? (i.e. an internal control finding) Yes____ No_____ COMMENTS:
    d) A Material weakness? (i.e. an internal control finding) Yes____ No_____ COMMENTS:
    e) Any Non-compliance that is material to the financial statements? Yes____ No_____ COMMENTS:

2. Does the federal Single Audit (in Federal Programs Summary) indicate--
    a) The auditee (subrecipient) qualifies as a low-risk auditee? Yes____ No_____ COMMENTS: ***NO indicates risk***
    b) There is a reportable condition disclosed for any major program? Yes____ No_____ COMMENTS:
    c) There is a reportable condition reported as a material weakness? Yes____ No_____ COMMENTS:
    d) There are known questioned costs reported? Yes____ No_____ COMMENTS:
    e) Were prior audit finding related to direct federal funding shown in the Schedule of Prior Audit Findings? Yes____ No_____ COMMENTS:
    Which agency/program? _____
    If yes, were the prior findings corrected?_____

B. For subrecipients with no Single Audit N/A____

Review the subrecipient's financial statements, including the auditor's opinion, the notes and management letter. The notes and "management letters" contain information and disclosures important to the understanding of the financial statements.

1. Is the auditor's opinion (i.e., audit "type") --
    a) A qualified opinion (i.e. one or more areas do not comply with GAAP, or the audit was limited in scope)?
    Yes____ No_____ COMMENTS:

    b) An adverse opinion (material misstatements; as a whole does not conform to GAAP)? Yes__ No__ COMMENTS:

It would contain a statement such as Note: "In our opinion, *because of the situations mentioned above* (in the explanatory paragraph), the financial statements referred to in the first paragraph *do not* present fairly, in all material respects, the financial position of...".

c) or disclaimer of opinion? Yes____ No_____ COMMENTS:

Issued when auditor could not form and consequently refuses to present an opinion on the financial statements when a) the auditor is not independent or when there is conflict of interest; or b) limitation on scope is imposed by client, as a result the auditor is unable to obtain sufficient appropriate audit evidence; or c) circumstances indicate substantial problem of going concern in client; or d) there are significant uncertainties in the business of client.

d) Include a "going concern" statement"? Yes____ No_____ COMMENTS:

This means that the entity might not be able to sustain itself within the next twelve months. The opinion would contain a statement such as: "These conditions raise substantial doubt about its [the entity's] ability to continue as a going concern. Management's plans in regard to these matters are also described in Note (X)".

2. Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)? Yes____ No_____ COMMENTS

3. Other factors of audit risk assessment (entity-specific):

Subrecipient classification:

Low Risk: _____

High Risk: _____ Identify and list actions to be taken to mitigate risk (e.g. more frequent progress reports, on-site monitoring at scheduled intervals, complete documentation of every invoice, training for subrecipient staff, withholding cash payments when deficiencies arise and until deficiencies are corrected, procurement review (see endnote), or other actions as appropriate) and incorporate these requirements in the Subaward agreement as Special Conditions:

1.
2.
3.

COMPLETED BY: _____

SIGNATURE_____

DATE_____

Endnote: University review of a subrecipient's purchases is allowed under 2 CFR 200.324 and may be a risk mitigation measure that is appropriate to certain subawards. For example, a procurement review may be appropriate when a high-risk subrecipient budgets a large proportion of the subaward for the purchase of equipment or consulting services. The following paraphrases 2 CFR 200.324. *(continued on next page)*

A. The University may request the subrecipient to provide technical specifications on proposed purchases when the University believes it's review is necessary to ensure that the item or service specified is consistent with the sponsor-approved proposal.

B. The University may request the subrecipient to provide the complete procurement documents for review on proposed purchases when:

1) The subrecipient's purchasing procedures do not comply with applicable the federal standards,

2) The procurement is expected to exceed the current Simplified Acquisition Threshold (i.e. $150,000 as of March 2016) and

a) the procurement is expected to be awarded without competition or to a single bidder or to the non-low bidder, or

b) the procurement documents specify a "brand name".

3) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

C. The subrecipient is exempt from the review in paragraph B above if the University determines that the subrecipient's procurement system complies with the federal standards, either by reviewing the subrecipient's system or by self-certification from the subrecipient.