

JACKSONVILLE STATE UNIVERSITY
Manual of Policies and Procedures

POLICY NO.: I:01:20

DATE: December 14, 2018

REVIEW/REVISION DATES: November 2018, December 2018, October 2020, June 2026

SUBJECT: Sponsored Program Subaward Agreements and Amendments

APPROVED: Dr. Don C. Killingsworth, Jr., President

PURPOSE

The Operating Policy/Procedure (OP) sets forth institutional requirements for monitoring the programmatic and financial activities of subrecipients for proper stewardship of sponsored funds and compliance with laws, regulations, and terms of the award. This applies to all subawards funded directly or indirectly from federal funds, or those used as cost-sharing or matching for federally funded programs, and to subawards with state and local governments, institutions of higher education and non-profit organizations. This does not apply to vendor agreements, agreements with for-profit entities, or works for hire.

POLICY

The Office of Sponsored Programs (OSP) and the Controller's Office will determine at the proposal time, based on the scope of work, the existence of a subrecipient, vendor/contractor, or consultant affiliation.

Types of Subaward Notifications:

1. New Award: Jacksonville State University (JSU) has received an award, which authorizes funds to a subrecipient.
2. Modification: A request for a change to an existing subaward has been issued.
3. At Risk: JSU has not yet received funding in the form of an award, but the award is anticipated in the near future. Also used for subaward Authorizations to Proceed (ATPs) where at-risk funds are provided to the subrecipient for immediate costs while continuing to negotiate a sub agreement. The funding is either secured through the grant or via the department.

4. Subaward Other: Used to issue alternative agreements to partners that would not fit the parameters of a subaward, or the outgoing funds will be managed outside of Research Operations (i.e., by the Department or ASU Purchasing). This might include MOUs, collaborative agreements, research statements of work with clinical partners, or other agreement types.

Federal Regulations

As a recipient of federal funding, JSU is required by [2 CFR Part 200](#) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) to monitor the activities of subrecipients. This policy applies to all federal and State of Alabama subawards and may be extended to all subawards without regard to the primary funding source (individual elements may not be applied to subawards issued or modified prior to the implementation of the Uniform Guidance). A cost reimbursable agreement is when the subrecipient submits an invoice for actual costs incurred during the period of performance, not to exceed an agreed upon amount.

A fixed price agreement is when payment is based on specific deliverables, each of which is assigned a lump sum amount with an associated due date. Once a deliverable has been met and accepted, the subrecipient is entitled to the agreed upon payment. Fixed-Price Subawards requires additional approvals and considerations. JSU requires fixed-amount subawards to not exceed \$500,000 and requires prior written approval from the federal awarding agency (consistent with [2 CFR 200.201 \(b\)](#)).

AGREEMENT REQUIREMENTS

Federal Demonstration Partnership (FDP) Sub agreement – [FDP Template](#) must be used when the award or prime award is a grant or cooperative agreement from a Federal Sponsor. Agreements with subrecipients will contain the following clauses as required in [2 CFR 200.332 \(d\)](#):

Allowable costs

- Invoices submitted to JSU for payment will contain the following certification: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal Award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise.”
- In the event that any payments to the subrecipient under this sub award are subsequently disallowed by JSU or the prime recipient as items of costs of this subaward, the sub-recipient shall repay JSU, on demand, the amount of any such subsequent payments to be made to the subrecipient hereunder, without prejudice, however, to the sub recipient’s right thereafter to establish the allowability of any such item of cost under this subaward.

Institutional information

Subrecipient shall submit to JSU the following information in compliance with 2 CFR 200 and the [Federal Funding Accountability and Transparency Act \(FFATA\) of 2006](#):

- Full legal name, which must match its registered name in the Unique Entity Identifier (UEI).
- Descriptive title of subaward project.
- Full address of the legal entity, including the congressional district.
- Full address of the primary place of performance, including the congressional district.
- UEI number.
- Tax identification number.
- Total compensation and names of top five executives, unless exempt from reporting such information according to FFATA requirements.

Indirect Cost:

For awards in which reimbursement of indirect costs is allowable, a copy of the approved federally recognized indirect cost rate agreement, or, if no such rate exists, documentation of acceptance of the *de Minimis* indirect cost rate as defined in 2 CFR 200.

Retention requirements for records

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of at least three years from the date of the final payment on the subaward as specified in 2 CFR 200.334 or longer if required by the State of [Alabama Records Disposition Authority](#) and the JSU Records Retention Policy ([I.05.01](#)). Retention periods may be extended under the exceptions listed in 2 CFR § 200.334(b)–(f).

Access requirements for records

In accordance with [2 CFR 200.337](#), JSU and its representatives, the federal awarding agency, the inspector general, the comptroller general of the United States, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to a subrecipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period but shall last as long as records are retained. Access will not extend to records protected by privilege or confidentiality, consistent with 2 CFR § 200.337(b). See [I.01.16-Confidentiality Policy for JSU Sponsored Projects](#) for more information.

Audits

- JSU requires Subrecipients receiving subawards totaling \$10,000 to submit to JSU one copy of the federal compliance audit reporting package described below when the schedule of findings and questioned costs disclose audit findings relating to subawards that JSU provided, or when the summary schedule of prior audit findings reported the status of any audit findings relating to subawards with JSU. The reporting package shall include:
 - Financial statements and schedule of expenditures of federal awards.
 - Summary schedule of prior audit findings.
 - Auditor's report(s).
 - Corrective action plan.

- Or the subrecipient will provide written notification to JSU that: An audit of the subrecipient was conducted in accordance with federal compliance requirements (including the period covered by the audit and the name, amount, and number of the subaward(s) provided by JSU); the schedule of findings and questioned costs disclosed no audit findings specifically related to the subaward that JSU provided; and the summary schedule of prior audit findings did not report on the status of any audit findings relating to the subaward that JSU provided.
- The audit information required by a. or b. of this section shall be submitted within the earlier of thirty (30) days after receipt of the auditor's report(s) by the subrecipient or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. In the event that the submissions cannot be made within nine months following close of a budget period, the subrecipient must notify JSU in writing of the anticipated date of submission. All submissions required under this article shall be submitted to the following address:

Principal Investigator Name Here
Jacksonville State University
Office of Sponsored Programs
700 Pelham Rd North
Jacksonville, AL 36265-1602

Conflict of Interest

Subrecipients will provide evidence that they have a written conflict of interest policy and procedure that requires disclosure of potential conflicts and has enforcement mechanisms in compliance with 2 CFR § 200.112 or, in the absence of having their own conflict of interest policy, certify that they will follow JSU's policy. Should any conflicts of interest exist, subrecipients will certify that such conflicts have been reduced, eliminated, or managed. See [I.01.15-Financial Conflict of Interest for Sponsored Projects](#) for more information.

Other Required elements

All subawards must include the full set of required elements listed in 2 CFR § 200.332(a)(1)–(10), including period of performance, approved budget, federal award identification, reporting requirements, indirect cost rate, and termination conditions.

Risk Assessment Responsibilities

1. Inform subrecipients of the following:
 - a. Requirements imposed on them by the pass-through entity so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.
 - b. Additional requirements imposed on them by JSU to meet its own responsibility to the federal awarding agency, including identification of any required financial and performance reports.
 - c. A requirement that the subrecipient permit JSU and its auditors to have access to the subrecipient's records and financial statements in compliance with Audit requirements this policy.
 - d. Appropriate terms and conditions concerning closeout of the award. JSU requires subrecipients to submit all required closeout documentation within 90 days of the end of the period of performance, to ensure closeout actions are complete within 180 days of the end of the period of performance in compliance with 2 CFR § 200.344(h).

2. Establish written procedures for pre- and post-award monitoring of the activities of subrecipients as necessary to ensure:
 - a. Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.
 - b. Reviewing financial and performance reports.
 - c. Performance goals are achieved.
 - d. Issuing management decision for audit findings, following up on deficiencies, and verifying corrective actions.
 - e. Risk assessments must consider the factors listed in 2 CFR § 200.332(b), including prior experience with similar awards, results of previous audits, personnel and systems, financial stability, and quality of management systems.

3. Ensure that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
4. Review management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
5. Consider whether subrecipient audits necessitate adjustment of JSU's own records.

PROCEDURES

PRE-AWARD PROCEDURES

During the Proposal Development/Pre-Submission Phase before JSU submits a proposal for funding involving one or more subrecipients, JSU must obtain verification from the subrecipient, as evidenced by the receipt of a letter of commitment or email that the proposed subrecipient is committed to participating in the project and is generally eligible to receive federal funds, and confirms that the subrecipient has the basic policies and procedures in place to manage federal funds.

In addition to the letter of commitment or email, the subrecipient may also provide JSU a statement of work, budget, and other necessary documentation, such as a copy of its federally negotiated F&A rate agreement, if applicable. These documents should inform the overall content of JSU's funding proposal and will form the basis for the subaward agreement if the grant proposal is awarded.

See [II.05.01-Grant/Sponsored Program Approval](#) for more information.

DURING THE AWARD NEGOTIATION PHASE

After the federal agency has issued a notice of award to JSU, the University is responsible for initiating subaward agreement(s) with the proposed subrecipient(s). Before sending the subaward agreement, however, JSU needs to conduct a risk assessment of the subrecipient's compliance processes and eligibility to receive federal funds. This includes reviews of the following databases and other materials:

1. The online System for Award Management (SAM), to confirm the subrecipient's registration is current and that neither it nor its PIs/PDs are debarred, suspended, or otherwise ineligible to receive federal funds.
2. The Federal Audit Clearinghouse's Website, if the subrecipient expends \$750,000 or more in federal funds each year, to confirm past years' reports have been submitted and to determine whether there were any material weaknesses or deficiencies reported related to their grant program(s).
3. The subrecipient's most recent federal compliance audit, which must be provided to JSU for review prior to award in paper, email, or online format.

POST-AWARD PROCEDURES

Initiating the Subaward Agreement:

1. After the subrecipient agency's materials have been reviewed, the agency has been assessed for risk, and potential concerns have been adequately addressed, JSU may issue the subaward agreement.
2. The subaward agreement must be accepted and signed by an appropriate individual at JSU and at the subrecipient agency who has the authority to enter into sponsored agreements on behalf of each institution.
3. Although the following information is contained within the terms and conditions of the subaward agreement, the subrecipient agency should be made particularly aware of the following items during the award initiation phase of the project:
 - a. Records retention requirements (generally three years after project closeout, unless otherwise specified).
 - b. Access to records by JSU, the federal awarding agency, and/or their authorized representatives.
 - c. Due dates for financial, technical and/or performance reports; and
 - d. General format for and content of invoices.
4. Depending on the scope and nature of the subaward, other items JSU may need to review or address during the award initiation process include, but are not limited to:
 - a. Confirmation of Institutional Review Board for the Protection of Human Subjects in Research or the Institutional Animal Care and Use Committee approvals.

- b. Existence and enforcement of a Responsible Conduct of Research policy and Financial Conflict of Interest policy and procedure.
- c. Cost sharing commitments and reporting.

Monitoring:

1. The JSU Grant Accountant and the Principal Investigator/Project Director (PI/PD) are jointly responsible for regular monitoring of the subaward throughout the life of the award. The purpose of monitoring is to:
 - a. Ensure federal funds are spent in compliance with the applicable laws, regulations, and provisions.
 - b. Ensure performance goals are met.
2. Large projects involving subawards of \$100,000 or more and/or projects with subrecipients that have limited experience with successfully managing grants should be monitored closely throughout the life of the project.
3. The Grant Accountant is responsible for macro-level (institutional-level) monitoring processes while the PI/PD is responsible for micro-level (project-level) monitoring.
 - a. Macro-level monitoring processes are outlined in the checklists provided at the end of this document, and they should include advising the subrecipient of requirements imposed on it by federal laws, regulations and the provisions of the subaward agreement, to ensure that the award is being carried out according to the terms and conditions of the agreement. These offices should also be aware of the subrecipient's audit findings related to the award and review management decisions and corrective actions taken on said findings.
 - b. Micro-level monitoring, conducted by the PI/PD, involves regular (as often as daily, but no less than monthly) communication between JSU and the subrecipient organization to ensure the project is being carried out as proposed and according to schedule. Minor variations are allowable, but major variations – change of project scope, omission/addition of major activities, and/or re-budgeting between line-item categories that exceeds 25% of the total annual budget – should be addressed as soon as possible.

If changes need to be made to the budget, reporting deadlines and/or performance goals as indicated in the agreement, the PI/PD must notify the OSP and the Office of the Controller as soon as possible to confirm the allowability of the revisions and to issue a revised subaward agreement, if necessary. In addition to maintaining regular communications, micro-level monitoring by the PI/PD should include the following activities:

- Review and approval (or request for revision/additional information) of periodic technical/performance reports.
 - Review and approval (or request for revision/supporting documentation) of sub-recipient invoices; and
 - Monitoring of general rate of expenditures and implementation of activities. If the project appears to be significantly behind or ahead of schedule, follow up with the sub-recipient to review the project requirements and progress.
4. Finally, if the PI/PD has any questions or would like to request further assistance regarding the subaward monitoring process, he/she should contact the OSP and the Office of the Controller at his/her earliest convenience to obtain support and assistance throughout the process.

Continuation Awards:

1. Follow the same procedures as for the initiation of the subaward but issue an amendment to the agreement rather than a whole new agreement.
2. Additionally, review the subrecipient's audit from the previous year and address any concerns, weaknesses, and/or deficiencies noted in relation to the project.

See [I.01.24-Grant/Sponsored Program Closeout Policy](#) for more information.

RESPONSIBILITIES

OSP responsibilities:

1. During the pre-award/proposal submission stage, obtain the following documents from the potential subrecipient:
 - a) subrecipient letter or email of commitment to the proposed project.
 - b) brief statement of work for the project.
 - c) itemized budget and justification.
 - d) other required documentation as needed.
2. During the **pre-award/proposal submission stage**, review the following databases and/or documents for general compliance, confirmation of eligibility, and to assess risk:
 - a. System for Award Management (sam.gov).
 - i. Organization/Institution.
 - ii. PI/PD.
 - b. Federal Audit Clearinghouse, if applicable (if total federal awards in a single fiscal year \geq \$750,000), to confirm timely submission of reports, at: (fac.gov).
 - c. copy of the subrecipient's most recent federal compliance audit.
 - d. information on the subrecipient's recent grant management experience, including biographical sketches and/or CVs from key personnel.
 - e. copies of the subrecipient's policies and procedures (when applicable), including information on internal controls, for the following:
 - i. conflict of interest.
 - ii. personal activity reporting (effort reporting/certification).
 - iii. procurement and expenditure payments.
 - iv. other special policies required by the funding agency.
3. When **issuing the subaward agreement or amendment**, ensure the agreement contains the following information:
 - a. Federal Award Identification Number (FAIN).
 - b. Catalog for Federal Domestic Assistance (CFDA) number.
 - c. award name.
 - d. name of the federal awarding agency.
 - e. the amount of the total award.

- f. the applicable federal compliance requirements, including but not limited to, the following:
 - i. The Code of Federal Regulations.,
 - ii. The Agency-Specific Terms and Conditions.
 - iii. Related requirements.
4. During the subaward implementation phase, conduct **periodic spot checks** of reports, including performance reports and effort reports (i.e., personal activity reports), where applicable.
5. Also, during the implementation phase, **periodically advise the sub recipient** on federal laws and regulations, as well as agreement-specific terms and conditions, for which they are responsible.
6. During the **annual renewal process**, if applicable, review the following databases and/or documents for general compliance, confirmation of eligibility, and to assess risk:
 - a. System for Award Management (sam.gov).
 - b. Federal Audit Clearinghouse, if applicable (if total federal awards in a single fiscal year \geq \$750,000), to confirm timely submission of reports, at: (fac.gov).
 - c. Copy of the subrecipient's most recent federal compliance audit.
 - d. Feedback from the PI/PD regarding timeliness and completion of project objectives during the previous funding period(s).
 - e. Copies of any revised/changed policies and procedures.

Grant Accountant responsibilities:

1. Entering **FFATA Reporting Information** in the FFATA Subaward Reporting System (<https://sam.gov/>) by the end of the month following the month in which the sub award was made, if the subaward equals or exceeds \$25,000 (cumulative).
2. Assisting PI/PD with Federal Rules and Regulations regarding allowability of any questioned costs on invoices submitted by subrecipient.
3. Ensure invoice documentation from the PI/PD supports amounts billed and meets the requirements of the award.
4. Request clarification of invoiced charges that appear unusual, excessive, or questionable.
5. Request detailed justification and/or documentation to verify the allowability of cost as required/needed.

6. Submit approved invoices and all necessary documentation to Accounts Payable for payment processing.
7. Review the subrecipient's audit reports to verify compliance with Subpart F and to determine if any audit findings pertain to the subaward. For findings related to the subaward, issue a management decision and assess the sub recipient's corrective action to ensure deficiencies are corrected in a timely manner.
8. Determine whether the results of the subrecipient's onsite reviews or other monitoring results necessitate adjustments to previous payments to the subrecipient and/or modified terms and conditions to subaward for future terms.
9. For entities not subject to Subpart F of the Uniform Guidance (private and non-federal state), consider requesting audited financial statements and/or completion of a financial controls questionnaire. Additional terms and conditions may be added to the subaward upon findings in the requested documents.
10. Request annual certification from subrecipient for compliance with federal requirements and subaward agreement.

PI/PD (or designee) responsibilities:

1. Prepare and maintain a tracking system for monitoring each of the items listed in this section.
2. Initiate and maintain **regular communications** (as often as necessary, but ***no less than monthly***) via telephone or email to confirm the project is progressing as scheduled.
 - a. Document and save telephone calls/emails.
 - b. Significant delays or deviations should be noted and addressed through additional communications.
3. Review monthly (or quarterly) **invoices** from subrecipient to ensure costs are reasonable, allowable, consistently treated, and allocable to the project, and to monitor project completion rates against the project schedule and budget.
 - a. If any costs are questioned, the PI/PD should *not* approve the invoices, but instead should follow these steps, making sure to document each one in writing:
 - i. Contact the sub-recipient to request additional documentation. If the additional documentation resolves the problem and requires no changes to the invoice, approve the invoice and submit to the Grant Accountant.

- ii. If, however, the additional documentation does not support the questioned costs, contact JSU's Grant Accountant for guidance with federal rules and regulations regarding questioned costs. The PI/PD should continue to work with the subrecipient, the Grant Accountant, the OSP and other responsible parties to address the disputed charges in a timely manner, and should request the subrecipient submit a revised or new invoice to the PI/PD.
 - b. Upon approval of all costs in the invoice, the PI/PD must approve the invoice and submit it to the Grant Accountant for approval.
- 4. Review **performance/technical reports** on a regular basis.
 - a. Confirm the reports are submitted on time as indicated in the sub- award agreement.
 - b. Confirm the reports contain all of the required and necessary information.
- 5. Request **other information** necessary for completing performance/technical reports to the federal awarding agency as needed and well in advance of prime recipient report due dates.

Definitions

Award means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements, in the form of money or property in lieu of money, by the federal government to an eligible recipient. The term does not include:

- 1. Technical assistance, which provides services instead of money.
- 2. Other assistance in the form of loans, loan guarantees, interest subsidies, or insurance.
- 3. Direct payments of any kind to individuals.
- 4. Contracts that are required to be entered into and administered under procurement laws and regulations.

Contracts means a legal instrument by which a non-federal entity purchases property or services needed to carry out a project or program under an award. The term as used in this document does not include a legal instrument, even if the nonfederal entity considers it a contract when the substance of the transaction meets the definition of an award or subaward as defined herein.

Contractor means an entity that receives a contract. Characteristics indicative of a payment for goods and services received by a contractor are when the organization:

1. Provides similar goods or services to many different purchasers.
2. Normally operates in a competitive environment.
3. Provides goods or services that are ancillary to the operation of the federal program.
4. Is not subject to compliance with the requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

Pass-through entity means a non-federal entity (e.g., JSU) that provides a subaward to a subrecipient to carry out part of a federal program.

Subaward means an award of financial assistance, in the form of money or property in lieu of money, made under an award by a pass-through entity to an eligible subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include payments to a contractor or an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient means a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program but does not include an individual that is a beneficiary of such a program. A subrecipient may also be the recipient of other federal awards directly from a federal awarding agency.

Characteristics indicative of a federal award received by a subrecipient are when the organization:

1. Determines who is eligible to receive federal assistance and the type of assistance to be received.
2. Has its performance measured to determine whether the objectives of a federal program were met.
3. Has responsibility for programmatic decision making.
4. Is responsible for adherence to applicable federal program requirements specified in the federal award.

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

RESPONSIBILITY:

The Senior Vice President for Finance and Administration and CFO is responsible for this policy.

EVALUATION:

This policy will be reviewed at least every five (5) years.