



**West Virginia University
Office of Research**

Policy #: 1.1

Policy Name:	Sub-recipient award management.
Issue/Effective Date:	December 26, 2014
Revision/Effective Date:	
Technical Correction Effective Date:	

POLICY STATEMENT:

West Virginia University and the West Virginia University Research Corporation (hereafter 'WVU/WVURC') are committed to complying with all sponsor administrative requirements and conditions established for the responsible management of extramural funding provided in support of research, training, and related activities.

Purpose:

The purpose of these procedures is to provide general administrative structure and guidance in fulfilling WVU/WVURC's obligations related to the management of sub-recipient agreements. These procedures apply to sub-awards and sub-recipients, as defined below. *These procedures do not address the issuance or management of procurement contracts by West Virginia University or the West Virginia University Research Corporation, i.e. Personal Service Agreements and purchase orders used to procure services, supplies, and equipment.*

Definitions:

Administrative Support Person (ASP) – means the WVU/WVURC employee most directly responsible for assisting PI/PDs in the administrative management of an award. (e.g. processing invoices, award account management, account reconciliations, etc. This person can be a departmental accounting assistant, an EBO, or any other person charged with assisting a PI/PD in managing the non-technical portion of an award.)

Authorized Official – an entity-appointed individual who possesses the authority to legally bind the entity to the terms and conditions of awards. (At WVU/WVURC, Director or Associate Director of the Office of Sponsored Programs.)

Award means the legal instrument that sets forth the terms and conditions, including scope-of-work and funding level, for grants, contracts, and cooperative agreements that support research, training, and other mission activities of WVU/WVURC.

Cost/Compliance Accounting Unit -Unit within Financial Services that monitors University compliance with applicable Federal regulations which include annual sub-recipient monitoring activities.

Contract means a legal instrument through which an external sponsor purchases research services, training services, and other services from WVU/WVURC. [For the purpose of this policy, **contract does not include** Personal Service Agreements and purchase orders used to procure supplies, consultant services, and equipment.]

Contractor means an entity that receives a **contract**, *i.e.* WVU/WVURC.

Cost-reimbursement sub-award is a type of sub-award under which WVU/WVURC agrees to reimburse the sub-recipient for work performed and/or costs incurred up to the total amount specified in the sub-award. Such costs must be allowable in accordance with applicable sponsor rules and guidelines. Accountability is based primarily on technical progress, financial accounting, and fiscal reporting.

Federal award has the meaning:

- (1) The Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a **pass-through** entity; or
- (2) A cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a **pass-through** entity.

Federal program means:

- (a) All **Federal awards** which are assigned a single number in the Catalog of Federal Domestic Assistance (CFDA).
- (b) When no CFDA number is assigned, all **Federal awards** to non-Federal entities from the same agency made for the same purpose should be combined and considered one program.

Fixed-amount award means a type of **sub-award** agreement under which WVU/WVURC provides a specified level of support without regard to cost-reimbursement accounting requirements related to actual costs incurred under the **sub-award**. The level of support is determined by a negotiation that is based on cost and pricing principles. Accountability is based primarily on performance and results. Performance and results must be documented and certified.

Flow-down Provisions – means those terms and conditions made part of a sub-award as a condition of a prime award. Such provisions can be referenced in the sub-award or provided in full text.

Letter of Intent – means a document expressing the willingness of parties to participate in a project, usually provided prior to a sub-award agreement.

Office of Sponsored Programs (OSP) is the operational unit of the WVU Office of Research authorized to initiate, negotiate, issue, and sign sub-award agreements and related documents on behalf of WVU/WVURC.

OMB Uniform Guidance – means the consolidated cost principles, audit, and administrative requirements for Federal **awards** that went into effect December 26, 2014, replacing the U.S. Government Office of Management and Budget (OMB) Circulars A-21, A-110, and A-133.

Pass-through entity -means a non-Federal entity that provides a **sub-award** to a **sub-recipient** to carry out part of a **Federal program**.

Principal Investigator/Program Director (PI/PD) - means an individual designated by the **recipient/sub-recipient** to direct a project or program being supported by an **award**. He or she is responsible and accountable to **recipient/sub-recipient** organization officials for the proper conduct of the project or program. The recipient organization is, in turn, legally responsible and accountable to the **sponsor** for the performance and financial aspects of the award-supported activity.

Recipient - means an entity that receives an **award** directly from an external party to carry out research, training, and other activities. The term **recipient** does not include **sub-recipients**.

Sponsor - means any entity providing financial or other tangible support for the research, training, and other mission activities of West Virginia University, directly, or through the West Virginia University Research Corporation.

Sponsored Research Accounting (SRA) – WVU unit that provides comprehensive financial administration of all sponsored activity.

Sub-award - means an **award** provided by a **recipient** to a **sub-recipient** for the **sub-recipient** to perform **substantive programmatic work** included in an award received by the **recipient**. It does not include payments to a **contractor** for procurement actions (*i.e. Personal Service Agreements and purchase orders used to procure supplies and equipment.*)

Sub-recipient - means the entity that receives a **sub-award** to perform **substantive programmatic work** under an **award** made to a **recipient** (does not include an individual that is a beneficiary of such program.)

Substantive programmatic work – means the primary project activities for which an **award** is provided and/or a significant portion of those activities that will be conducted under a **sub-award**.

General:

Sub-awards are used when sub-recipient -

- facilities, employees, and/or resources will be used to perform a scope-of-work;
- will bring unique knowledge and expertise to the project;
- is contributing substantively to the scholarly/scientific conduct of a project as described in a scope-of-work and has responsibility for programmatic decision making related to the sub-award; or
- will conduct the work independent of WVU/WVURC's direct supervision or control with only general technical direction and coordination exerted by WVU/WVURC's principal investigator/project director (PI/PD).

[For assistance in determining whether a sub-award or a procurement agreement (purchase order or Personal Services Agreement) should be used, please refer to the *Check-list for Determination of Sub-recipient or Contractor* on the OSP website]

Types of Sub-awards

WVU/WVURC will issue sub-awards after consideration of a) the nature of the work to be performed by the sub-recipient, b) an evaluation of the budgetary needs of the sub-recipient, and c) the administrative capacity and integrity of the sub-recipient. Based on these considerations, WVU/WVURC will determine the type of sub-award that best satisfies its stewardship obligations to its prime sponsor. Cost-reimbursement or fixed-amount sub-awards will be issued.

Cost-reimbursement. WVU/WVURC will use this type of sub-award when the sub-recipient's scope-of-work requires spending flexibility to achieve its goals. Sub-recipient budgets will be evaluated for reasonableness as they relate to the scope-of-work. Accountability is based on technical progress, financial accounting, and fiscal reporting.

Fixed-amount. WVU/WVURC will use this type of sub-award when the following conditions are satisfied:

- Performance of work under the sub-award will benefit from the use of a fixed-amount sub-award;
- Sub-award budgets that reflect applicable guidelines for costing and pricing have been negotiated with the sub-recipient;
- Sub-recipient has in place sufficient administrative capacity and internal controls to document the appropriateness of expenditures;
- Fixed-amount sub-awards are acceptable to WVU's sponsor as set forth in sponsor guidelines; and
- Formal prior review and approval have been provided by sponsor.

General Sub-award Conditions.

1. Only OSP may initiate, negotiate, issue, and sign sub-awards on behalf of WVU/WVURC. WVU/WVURC is not bound by the negotiations of other entities or the endorsement of agreements by others on its behalf.
2. Modifications to sub-awards shall be initiated, negotiated, issued, and signed by OSP.
3. Sub-award scopes-of-work and budget documents must be approved by a sub-recipient authorized official prior to OSP's preparation or issuance of a sub-award. (See X for preparation guidance.)
4. Sub-recipients who cannot demonstrate the capacity or willingness to manage a sub-award will not be issued sub-awards. Among other things, sub-recipient's internal controls and past performance with WVU/WVURC will be evaluated in making this determination.

Proposals with Sub-awards.

New, continuation, or renewal proposals routed for WVU/WVURC approval that propose sub-awards not previously approved by a sponsor should be supported by sufficient information/documentation for those evaluating the proposal to determine the sub-recipient's formal commitment to and role in the performance of the project, including –

- A letter-of-intent signed by each sub-recipient's authorized official (see Reference Section, below, for information to be included);
- A scope-of-work for each proposed sub-award; and
- The proposed multi-year budget for each sub-award.

Sub-awards - post prime award.

Sub-awards, the need for which arises after the sponsor has issued an award, must receive the formal approval of the sponsor's grant or contract authorized official before OSP can issue a sub-award. Requests for such sub-awards must be endorsed by OSP on behalf of WVU/WVURC. OSP can seek approval for a sub-award from the sponsor only after it has received the following –

- Approval of the PI/PD's School/College/Center to issue the sub-award as indicated through the *Sub-award Certification* (see OSP website for form);
- A complete *Sub-recipient Commitment Form* for each sub-award signed by each sub-recipient's authorized official (see OSP website for form);

- A scope-of-work for each proposed sub-award; and
- A multi-year budget for each sub-award.

Compliance Review and Processing.

General Compliance.

OSP will do the following as part of its sub-recipient review process:

- Confirm that potential or current sub-recipient organizations - and those directing work for them under a proposed sub-award - are not denied parties, specially designated nationals, or debarred or prohibited from doing business with the State of West Virginia or the U.S. Government;
- Review sub-recipient Federal audit reports to determine if any findings are relevant to sub-recipient compliance or project performance
 - Evaluate corrective actions taken by the sub-recipient in response to audit findings and assess the appropriateness of a sub-award;
- Obtain and verify F&A and fringe benefit rates for potential sub-recipients;
- Verify that sub-recipient proposal and award budget information is correct and comprised of allowable costs;
- Confirm that the sub-recipient's proposal has the approval of the WVU/WVURC PI/PD and appropriate department, school, or center officials;
- Ensure that sub-recipient agreements proposed under Federal assistance awards include the Federal agency and the Catalog of Federal Domestic Assistance (CFDA) number as required by OMB Uniform Guidance and the Federal Funding Accountability and Transparency Act of 2006 (FFATA);
- Ensure that sub-recipient agreements on Federal awards include the Data Universal Numbering System (DUNS) identifier for all sub-recipients as required by the FFATA;
- Ensure that all Federal sub-awards include a clause requiring that sub-recipient's invoices state that costs are in compliance with OMB Uniform Guidance and/or the sponsor's requirements. Similar compliance statements will be required for non-Federal sub-awards;
- Ensure that sub-recipient agreements include appropriate conflict of interest language and, for sub-awards governed by Federal rules, state whether financial conflict of interest requirements of the sub-recipient or sponsor apply; and
- Ensure the inclusion of appropriate terms and conditions concerning closeout of the sub-award.

The above list is not exhaustive of all compliance requirements. In addition to the general compliance elements noted above, there may be additional sponsor or program requirements that necessitate the collection and documentation of assurances such as animal care & use, human subject protections, biohazards, *etc.* during the life of a project.

Sub-recipient Management, Assessment, and Monitoring Classification.
Management Level Determination.

The following factors are illustrative of those used to determine the management level appropriate for a sub-recipient. These assessment factors may be expanded as dictated by the nature of the work to be performed and the proposed sub-recipient's performance history and management capacity.

The following questions will be used by OSP to facilitate the establishment of the appropriate management level for each sub-award. As part of OSP's analysis, the questions are weighted to address the significance of the management issue.

- Is the sub-recipient located outside the U.S.?
- Will work be done outside the U.S. by sub-recipient?
- Is sub-recipient work export controlled?
- Is sub-recipient a non-profit or government entity?
- Is prime award a contract or sub-award (rather than a direct grant)?
- Is amount of sub-award more than \$500k?
- Is amount of sub-award 50% or more of total WVU/WVURC award?
- Does the sub-recipient have an established accounting system?
- Do audit results indicate weaknesses in the sub-recipient's procurement system?
- Does sub-recipient have a negotiated indirect cost rate agreement?
- Is sub-recipient subject to OMB Uniform Guidance?
- Is the sub-recipient using humans, animals, DNA, stem cells, etc.?
- Is the sub-recipient administratively mature?
- Is prime sponsor government owned & contractor operated?
- Is there potential for COI regarding relationship between sub-recipient and WVU/WVURC PI/PD?
- Are deliverables or tangible products pivotal to success?
- Is "Advantaged" status claimed?
- Is the administrative relationship between the sub-recipient and WVU/WVURC positive?

After an evaluation of the above criteria, and upon identification of sub-awards requiring management oversight beyond Management Level 1, appropriate monitoring actions will be taken to ensure compliance with sub-award performance, financial terms and conditions, sponsor requirements, and applicable State law, Federal law, rules, and regulations. (See Sub-award Management section, below.)

In addition to routine monitoring procedures, OSP will work with WVU/WVURC PI/PDs and school/department administrators to establish channels of communication with sub-recipients where expanded oversight is necessary.

Management Levels.

Management Level 1 (ML1) – includes those sub-recipients that require general monitoring, only. (See General Monitoring Requirements, below)

Management Level 2 (ML2) – will be assigned to sub-awards under the following circumstances –

- The administrative complexity or unique nature of the work performed under the sub-award warrants extraordinary administrative reviews, documentation, certifications, *etc.*;
- The work is determined to be governed by U.S. export control law and regulations;
- The work is to be performed outside of the United States;
- Prior administrative history between WVU/WVURC and sub-recipient is problematic; or
- The management systems or award management experience of a sub-recipient are deficient.

In addition to obligations under ML₁, ML₂ sub-recipients may be required to provide additional information to enable WVU/WVURC to document sub-recipient internal controls and management procedures and to otherwise assure compliance with sponsor requirements.

Sub-award Management.

Sub-award Initiation or Modification Requests.

A request to initiate a sub-award should be processed when a sub-award has been formally approved by a sponsor, either as part of a formal award action or after an award with the prior written approval of the award sponsor.

Modifications should be processed when –

- Substantive changes to the approved scope-of-work are agreed upon by the WVU/WVURC PI/PD and Sub-recipient PI/PD;
- Changes to the level of funding are required;
- Changes to the period of performance are required; or
- New award terms and conditions are made necessary by sponsor action.

Processing of Sub-recipient Invoices.

- Invoice received from sub-recipient (sent to either PI/PD or PI/PD administrative support person);
- Administrative support person reviews invoice for accuracy and reasonableness based on approved sub-award budget and identifies correct purchase order for payment;
- PI/PD reviews invoice for acceptability based on charges relative to work product/progress;
- If acceptable, PI/PD approves, certifies, and returns to administrative support person for further processing; if unacceptable, PI/PD and administrative support person address discrepancies with sub-recipient;
- Administrative support person completes Online Receiving in MAP and attaches invoice and signed certification form in MAP and forwards on to “Approver”;
- Approver reviews invoice and documentation in MAP, approves and forwards on to Payment Services; and
- Payment Services receives all required documents electronically through the attachment in MAP, reviews invoice for active and correct PO and processes for payment.

General Monitoring Requirements (Management Level 1).

WVU/WVURC will monitor the activities of the sub-recipient, as necessary, to ensure that the sub-award –

- is used for authorized purposes;

- is in compliance with statutes, regulations, and the terms and conditions of the sub-award; and
- performance goals are achieved.

WVU/WVURC will -

1. As part of sub-award close-out, monitor the submission of sub-recipient reports;
2. Follow-up and ensure that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the sub-award as determined through audits, on-site reviews, and the evaluation of business transactions and commonly accepted business practices;
3. Issue management decisions to sub-recipient for audit findings pertaining to the sub-award;
4. Verify through the Cost/Compliance Accounting unit within Financial Services that every sub-recipient is audited as required by sponsor;
5. In conjunction with the Cost/Compliance Accounting unit, consider whether the results of the sub-recipient's audits, on-site reviews, or other monitoring activities indicate conditions that necessitate financial adjustments; and
6. After all due consideration, take corrective action against noncompliant sub-recipients.

Management Level 2 (ML2) Monitoring Requirements.

In addition to the monitoring requirements set forth in ML1, ML2 monitoring requirements will be tailored to the circumstance(s) that dictated the need for enhanced monitoring.

Sub-recipient Interventions, Suspension/Termination, and Close-out Procedures.

Sub-recipient Interventions.

The following monitoring tools or interventions may be used to ensure proper accountability and compliance with program requirements and the fulfillment of financial management obligations:

1. Providing sub-recipients with training and technical assistance on compliance and administrative matters;
2. Performing on-site reviews of the sub-recipient's program operations and administrative systems;
3. Arranging for agreed-upon-procedures engagements; or
4. Establish mutually agreed upon extraordinary procedures or corrective action strategies to address sub-recipient deficiencies or non-compliance.

Suspension/Termination.

When sub-recipients fail to fulfill agreed upon corrective actions or otherwise materially fail to perform under the sub-award, WVU/WVURC may, as appropriate –

1. Withhold payment or suspend sub-award actions pending clarifications/discussions;
2. Disallow (*i.e.*, deny both use of sub-award funds and any applicable matching credit) all or part of the cost of an activity or action not in compliance;
3. Take steps to recover any funds improperly expended under the sub-award;
4. Terminate the sub-award in whole or in part;
5. Document all actions and advise sponsors of any decision to terminate, as required by sponsor policy or award terms and conditions;

6. Recommend to the Federal sponsor that debarment proceedings be initiated against the sub-recipient, if appropriate; or
7. Initiate appropriate legal action.

A decision to terminate an award will be communicated to the sub-recipient with a full explanation of the reasons for termination. Sub-recipient will be advised of any requirements for hearings, appeals or other administrative proceedings to which the sub-recipient is entitled under any statute or regulation applicable to the action involved.

Close-out of Sub-awards.

WVU/WVURC will close-out the sub-award when it determines that all applicable administrative actions, including sub-award financial accounting, and all required substantive programmatic work set forth in the sub-award has been completed by the sub-recipient.

- The OSP will confirm with the PI/PD that all sub-award work was conducted as stated in the sub-award scope-of-work and that all required sub-recipient technical reports have been received and accepted by the PI/PD prior to formal close-out.

- All financial close-out actions will be conducted by SRA consistent with WVU/WVURC policies and procedures.

Roles & Responsibilities.

Principal Investigator:

- Obtain an approved proposal from proposed sub-recipients for incorporation into the proposal submitted to sponsors;
- Review of sub-recipient technical performance reports;
- Maintain communications with the sub-recipient PI/PD and technical team sufficient to assess the quantity and quality of work being performed;
- Receive, review and approve sub-recipient invoices (in coordination with ASP)
 - Certify that invoiced amounts are consistent with the amount and type of work performed to date;
 - Pursue clarification of expenses that appear inappropriate (in coordination with ASP);
- Notify OSP of changes that need to be made to the scope-of-work, budget, or period of performance;
- Notify OSP of sub-recipient's failure to provide timely technical reports, invoices, or other requested information; and
- Advise sub-recipients that do not have a negotiated F&A rate of the allowability of charging a *de minimis* rate of 10%.

Administrative Support Person (ASP):

- Review of invoices and comparison of invoices to established sub-award budgets;
- Work with sub-recipient to clarify any charges which appear to be unallowable, unallocable, unusual, or excessive;
- Advise PI/PD of invoice issues;

- Prepare and attach *Sub-recipient Invoice Certification* form to all sub-recipient requests for payment; and
- After PI/PD has certified the acceptability of the invoiced charges through the *Sub-recipient Invoice Certification*, process sub-recipient invoices in accordance with the sub-recipient invoicing process.

School/College/Center:

- Provide oversight to PI/PD and ASP to ensure compliance with sub-recipient monitoring requirements; and
- Review and approval of sub-recipient payment requests.

Sub-recipient:

- Perform the work set forth in the sub-award scope-of-work in accordance with the sub-award terms and conditions;
- Notify PI/PD and OSP of all issues and concerns related to sub-recipient's performance and compliance;
- Comply with all requests for information related to the performance of the sub-award; and
- Maintain a system of records related to the performance of project work in sufficient detail to permit WVU/WVURC and sponsor to evaluate sub-recipient's technical and financial performance under the sub-award.

Procurement, Contracting and Payment Services:

- Review, approve and process sub-recipient invoices upon receipt and proper authorization from the PI/PD/ASP.

Cost/Compliance Accounting Unit within Financial Services:

- Conduct annual sub-recipient monitoring as provided for in this policy and elsewhere; and
- Determine in conjunction with OSP and SRA the type of monitoring required for sub-recipients not subject to OMB Uniform Guidance.

Office of Sponsored Programs:

- Initiate, negotiate, issue, amend, and sign sub-awards on behalf of WVU/WVURC;
- Coordinate the management of sub-awards on behalf of WVU/WVURC and advise others regarding the fulfillment of their sub-award management responsibilities;
- Advise the Associate Vice President for Research of all sub-award issues or deficiencies that present a compliance risk to WVU, WVURC or a risk to their respective reputations and continuing ability to receive external support;
- Ensure each sub-recipient proposal has the approval of the WVU/WVURC PI/PD and appropriate school/center officials;
- Evaluate sub-recipients and those directly responsible for the performance of services under sub-recipient agreements to ensure that they are not presently

debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any State or Federal department or agency;

- Obtain and verify F&A and fringe benefit rates for sub-recipients;
- Verify that proposal and award budget information is correct and comprised of allowable costs;
- Verify that sub-recipient proposals and sub-award documents have the proper approvals by authorized officials at the sub-recipient's organization; and
- Advise the appropriate University conflicts committee of any apparent conflicts of interest.

Sponsored Research Accounting:

- Invoicing and billing,
- Financial reporting,
- Accounts receivable management,
- Cash handling,
- Fiscal compliance oversight,
- Award closeout,
- Audit and site review assistance,
- Grants accounting system module maintenance, and
- Other areas involving overall project management.

Entities Impacted by this (Policy/Procedure):

Principal Investigator	Animal Care and Use
Office of Sponsored Programs	Export Compliance
Sponsored Research Accounting, Financial Services	Centers and Institutes
Procurement, Contracting & Payment Services	Cost/Compliance Accounting Unit, Financial Services
Schools/Colleges	
Institutional Review Board	

Documentation and Records:

WVU/WVURC sub-award records will be accessible through electronic data management systems and hard-copy files maintained by OSP and other WVU entities processing transactions related to sub-awards.

Monitoring Plan:

This policy will be evaluated on a continuing basis through assessments of daily operations. Incremental policy adjustments will be made, as needed. An annual review of the policy will be conducted by the Director of the Office of Sponsored Programs and the Associate Vice President for

Research to determine the effectiveness of the policy in meeting WVU and sponsor requirements. The results of the annual review will be provided to the Vice President for Research with recommendations for modifications to the policy.

WVU Policy Interface:

The following WVU/WVURC policies and procedures will be relied upon for the effective implementation of this policy. Nothing in this policy alters any procedures or requirements of any other policy or office.

Human Research Protection Program Policy	http://oric.research.wvu.edu/human-research-protections-program-and-the-irb/irb_policies
Animal Care and Use Committee	http://oric.research.wvu.edu/animal/guidelines
Biological Safety	http://oric.research.wvu.edu/biosafety/bio-guide
Responsible Conduct of Research	http://oric.research.wvu.edu/rcr_train/rcr-policy
Conflict of Interest in Research	http://oric.research.wvu.edu/conint/conflict-of-interest-policies
Export Compliance	http://oric.research.wvu.edu/export_control
Sponsored Agreements Closeout	
Administrative and Clerical Salaries	
Charging Costs of Computing Devices	
Intra-University Consulting on Sponsored Agreements	
Cost Sharing	

Management Information:

Responsible Executive: Associate Vice President for Research
Responsible Office: Office of Sponsored Programs (OSP)
Operational Contact: Cindy Jarvis, Assistant to the Director

References:

2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
<http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

APPROVAL:

/Signed/
Fred L. King, Ph.D.
Vice-President for Research