

SUBAWARD POLICIES AND PROCEDURES

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Introduction

The purpose of this document is to not only provide information as to when a subaward should be issued, but also outlines the steps necessary at both the proposal and award stage for the proper implementation of the subaward.

Appropriate Use of Subawards

Use of Subawards:

When funds awarded to Brown University for the conduct of a sponsored program are to be paid to an organization/business outside (subawardee) of the University, the arrangement should be made via a subaward if:

1. the scope of work to be performed utilizes the facilities, employees and/or resources of the subawardee;

2. the subawardee is contributing substantively to the scholarly/scientific conduct of the project as described in the scope of work and has responsibility for programmatic decision making;
3. the subawardee has responsibility for adherence to applicable Federal program compliance and performance is measured against whether the objectives of the Federal program are met;
4. the subawardee will bring a unique knowledge and expertise to the project and conduct the work mostly independent of Brown's direct supervision or control with only general technical direction and coordination exerted by the Brown Principal Investigator (PI); and
5. the subawardee, as part of its primary business operations, does not provide the same goods and services to others and will be using the subaward funds to carry out a program of the subawardee organization rather than provide goods and services to complete a program for the sole benefit of Brown University (e.g. purchase, fabrication or repair of equipment, data processing, routine analytical or testing services).

Instances when a subaward is not appropriate:

1. if the agreement is for the provision of goods or services within normal business operations;
2. if the organization/business provides similar goods or services to many different purchasers;
3. if the organization/business operates in a competitive environment for the provisioning of the goods or services to be procured;
4. if providing goods or services are ancillary to the operation of the Federal program;
and
5. if the organization/business is not subject to compliance requirements of the Federal program.

When a subaward is not appropriate, check with the Purchasing Department for further instructions to purchase the goods or services.

What To Do At the Proposal Stage

The determination of the potential need for a subaward to a business/organization is normally made at the proposal stage. The PI identifies the scope of work to be performed by the potential subawardee and must be prepared to justify the selection of the potential subawardee. When selecting a potential subawardee, the PI should be aware of the 'Codes

of Conduct' section (Subpart C.42) of OMB Circular A110 ("Uniform Administrative Requirements for Grants and Agreements for Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations") which states the following:

"____.42 Codes of conduct. The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient."

Note: PIs must also consider the University's policy on Conflict of Interest as well as NSF's and PHS's, if applicable.

Proposals to external sponsors in which a potential subawardee is identified requires the inclusion of certain information. The PI, at a minimum, must receive from the potential subawardee a letter of intent, a budget, and the agreed upon scope of work. Depending on the proposal preparation guidelines of the sponsor, other information may also be required, such as biographical sketches, current and pending support, and available facilities pages. Check proposal preparation guidelines and/or special program announcements for sponsor-specific requirements for subawardees. The subawardee documents must be submitted to Office of Sponsored Projects as part of the overall proposal.

· The letter of intent should reference the project title, duration, funds requested, intent to accomplish the work as outlined in the scope of work, and be signed by the subawardee PI and the authorized representative of the subawardee. Note: The NIH requires that letters of intent include a confirmation that the appropriate programmatic and administrative personnel of each organization involved in the application are aware of the PHS consortium grant policy and are prepared to establish the necessary inter-institutional agreements consistent with that policy. The letter of intent should include certification regarding education in the protection of human research participants. The following is suggested language: "All investigators and other key staff involved in this subaward (list names), have completed the following course (state course title plus a one-sentence description) in the responsible conduct of research involving human subjects." If the subawardee is unable to certify to the above in the letter of intent, such certification will be required at the just-in-time stage and prior to the initiation of the subaward. The certification must be signed by the subawardee PI and Authoring Official.

- The budget consists of subawardee costs only, which could include both direct and facilities and administrative (F&A) costs. If F&A costs are included in the potential subawardee budget, a copy of their most current F&A Cost Agreement must be provided to OSP. The purpose of the F&A Agreement is to verify the F&A rate and fringe benefit rates used in the budget.
- The scope of work outlines the work to be accomplished by the subawardee.

It is not uncommon for the sponsor to request revised information, e.g., budget after the initial review of the proposal by the sponsor. This revision may or may not impact a potential subawardee. If it does, the PI would contact the subawardee for the required revisions. All revised documentation from the potential subawardee would once again require an institutional/organizational authorized representative signature. This documentation, along with any other sponsor-requested information would be forwarded to the OSP for a Brown University authorized signature prior to submission to the sponsor.

Occasionally the sponsor will reduce anticipated funding, at the award stage, without requesting a formal, revised budget.

What To Do At the Award Stage

Once Brown has accepted an award from a sponsor, a 5-ledger account is created by OSP. It is also determined at this point whether or not there is a need to create a subaward document. If a need for a subaward exists, the OSP Agreements Manager will contact the PI and department administrator via e-mail to confirm the subawardee, the subawardee's Research Administration/Sponsored Projects Office address, contact name, the subawardee's PI and their percentage of effort, the amount of the subaward, and start and end dates. In this e-mail, the OSP Agreements Manager will also request from the department a purchase requisition and selection justification. If the department has the capability to prepare and approve a purchase requisition on-line and transmit the requisitions to Purchasing, Purchasing will send a hard copy to OSP for approval. If the department prepares a hard copy purchase requisition, the requisition should be sent directly to OSP for approval. Purchase requisitions must include the following information:

- subawardee name and address (the address for the subawardee's Sponsored Projects/Research Administration Office is preferred);
- account number and object code 9420 (organizations other than hospitals) or 9440 (organizations that are hospitals);
- title of the project/prime award;
- period of performance;
- estimated cost;
- name of Brown's PI and billing address (Accounts Payable, Box J, Brown University,

Providence, RI 02912); and

· the following statement: "Terms and Conditions of the Attached Subaward Supersede Those on P.O."

If the proposal was awarded as proposed, the subaward will be based on the information originally provided by the subawardee. If the award is less than the proposed amount and did not require a revised budget, the subaward amount will be based on the information provided by the subawardee in the proposal less the overall requisite budget cut. In such instances, a statement to the effect "Funds must be spent within the limitations of Appendix B - approved budget" will be added to the subaward under Article III - Estimate of Cost. If the award required the submission of a revised budget, the subaward will be based on the revised budget (that has been reviewed and approved by the authorized official of the subawardee as evidenced by their signature) and appropriate scope of work.

OSP will prepare the subaward document in accordance with the terms and conditions of the prime award and send four originals signed on behalf of Brown University to the subawardee for signature. Subawardees are requested to return three signed originals to OSP. OSP is responsible for all negotiations of the subaward and any changes to the subaward document requested by the subawardee must be approved by OSP (with the PI's involvement if necessary).

Once the three originals of the fully-executed subaward are received by OSP, one original of the subaward will be retained by OSP as Brown's official fully-executed document, one original of the subaward will be forwarded to the department for their records, and the remaining original will be forwarded to Purchasing along with the approved purchase requisition - see Attachment A. Send the selection justification directly to Purchasing, not to OSP.

Once Purchasing issues a PO, a copy of the PO will be sent to the subawardee and to the department. Simultaneously, Purchasing will inform OSP - see Attachment A - of the PO number so that it can be incorporated into Brown's official subaward document.

Subawards Via Master Agreement (Agreement)

Brown University has entered into an Agreement with Lifespan covering subawards made to Rhode Island Hospital, Miriam Hospital, and Bradley Hospital (collectively the Academic Medical Center) for the purpose of streamlining the subaward process between these organizations. The Agreement is for HHS prime grants only. These subawards under the Agreement will not require an individual subaward document. Purchase Orders only will be issued with each PO referring back to the Agreement.

The process to be followed in issuing a PO under the Agreement begins with the OSP Agreements Manager contacting the PI and department administrator via e-mail to confirm the subawardee information which was included in Brown's proposal to HHS. In

that e-mail, the department administrator will be requested to issue a purchase requisition which contains the following information:

- reference to the Agreement including the date of execution;
- account number and object code (9440);
- Scope of Work as Attachment A;
- title of the prime award;
- Catalog of Federal Domestic Assistance number and number of the prime award;
- period of performance
- estimated cost and approved budget as Attachment B;
- name of Brown's PI and billing address (Accounts Payable, Box J, Brown University, Providence, RI 02912;
- key personnel and level of effort; and
- any special conditions to which the parties may agree or which are required by the prime award.
- Statement: "Terms and Conditions of Referenced Agreement (dated 4/15/98) Supersede Those on P.O."

The process regarding the issuing and approval of the purchase requisition is the same as above. Purchasing will complete the process by informing OSP of the PO number - see Attachment B.

Modifications to Subawards

A subaward may be modified at any time within the period of performance. Modifications can extend the period of performance, increase the amount, append additional tasks to the Scope of Work, or modify other terms and conditions as appropriate.

To initiate the modification process, the department administrator or PI notifies the OSP Agreements Manager via memo or e-mail which subaward needs to be modified and for what purpose (new year of funding, no-cost extension, additional tasks, etc.). Relevant attachments such as a new Scope of Work, or new budget must be forwarded to the OSP Agreements Manager along with the request to modify the subaward.

OSP will prepare the subaward modification document and send four originals signed on behalf of Brown University to the subawardee for signature. Subawardees are requested to return three signed originals to OSP. As with the original subaward, OSP is responsible for all negotiations of the subaward modification and any changes to the modification document requested by the subawardee must be approved by OSP (with the PI's involvement if necessary).

For subawards issued under prime awards which restrict carry-forward of year end balances, the modification will contain language prohibiting the use of funds from the prior year(s) without prior written approval from the University and its sponsor.

Simultaneously to preparing the modification document, OSP will request from the department, via a memo, a change order memo for Purchasing - see Attachment C. The change order memo lists the changes needed to the Purchase Order (e.g., new end date, new amount).

Once the three originals of the fully-executed subaward modification are received by OSP, one original of the subaward will be retained by OSP as Brown's official fully-executed document, one original of the modification will be forwarded to the department for their records, and the remaining original will be forwarded to Purchasing along with the approved change order memo - see Attachment D.

Purchasing, upon receipt of the above items, will issue the change order and mail it to the subawardee with a copy to the department.

Modifications of subawards issued via the Master Agreement will be processed with a change order memo and relevant attachments, e.g., new scope of work (if changed from original) and new budget - see Attachment E.

Attachment A

Office of Sponsored Projects
Memorandum

TO: Purchasing

FROM: Sara Clabby, Agreements Manager

DATE:

RE: Commitment of Funds Under Subaward No. _____

Attached for processing is an approved Purchase Requisition and one original of the above-referenced subaward.

Please issue a Purchase Order to commit the funds provided for in this subaward and mail the Vendor copy of the Purchase Order to the Subawardee.

Upon completion of the process, please indicate the Purchase Order number in the space below and return to my attention.

Thank you for your assistance.

To: Sara Clabby, OSP, Box 1929

From: Purchasing

Date:

Re: Subaward # _____

Purchase Order # _____ has been assigned to the above-referenced subaward.

Signed: _____ Date: _____

Attachment B

Office of Sponsored Projects
Memorandum

To: Purchasing

From: Sara Clabby, x 1799

Date:

Re: Commitment of funds under Subaward # _____ via the Master Agreement

Attached for processing is an approved Purchase Requisition. Also attached is Attachment A - Scope of Work and Attachment B - approved budget.

Please issue a Purchase Order to commit the funds provided for this subaward, attach Attachment A and B to the Vendor copy of the Purchase Order, and mail to the Subawardee.

Upon completion of the process, please indicate the Purchase Order number in the space below and return to my attention.

Thank you for your assistance.

To: Sara Clabby, OSP, Box 1929

From: Purchasing

Date:

Re: Subaward # _____

Purchase Order # _____ has been assigned to the above-referenced subaward.

Signed: _____ Date: _____

Attachment C

Office of Sponsored Projects
Memorandum

TO:

FROM: Sara Clabby, Agreements Manager

DATE:

RE: Request for Change Order for P.O. # _____, Subaward # _____

Please prepare a change order for the above referenced subaward in accordance with the attached modification. Send the change order request to my attention, which will then be forwarded to the Purchasing Department with a fully-signed original of the modification.

If you have any questions or require additional information, please do not hesitate to call me at extension 3-1799.

Attachment

Attachment D

Office of Sponsored Projects
Memorandum

TO: Purchasing

FROM: Sara Clabby, Agreements Manager

DATE:

RE: Change Order Request for PO # _____, Subaward # _____

Attached for processing is an approved Change Order Request and an original of the modification to the subaward.

Please issue a Change Order and mail to the Subawardee.

Thank you for your assistance.

Attachment E

Office of Sponsored Projects

Memorandum

TO: Purchasing

FROM: Sara Clabby, Agreements Manager

DATE:

RE: Change Order Request for PO # _____, Subaward # _____
via the
Master Agreement

Attached for processing is an approved Change Order Request. Also attached is Attachment A - Scope of Work (if needed) and Attachment B - approved budget.

Please issue a Change Order, attach Attachment A and B to the Vendor copy, and mail to the Subawardee.

Thank you for your assistance.