

## Award Management Overview for Subawardees

### 1. Definitions

**Subrecipient:** The legal entity to whom a subaward is issued. This may be an individual, non-profit, another university, state or local government, or for-profit company.

**Principal Investigator (PI):** A person who has the scientific and technical responsibility to fulfill the scope of work proposed. The phrase is also often used as a synonym for "head of the laboratory" or "research group leader."

**Financial Contact:** A representative of the Recipient who is the primary Fairbanks contact for all budget related questions and concerns. This representative is responsible for ensuring that the budget is tracked, and costs charged to the subaward are reasonable, and in accordance with the subaward terms, prime sponsor regulations, and federal requirements. This representative may also serve as the Administrative Contract.

**Authorized Official:** An authorized representative of the Recipient who has the authority to commit the Recipient to a legal agreement. This representative is responsible for negotiating and executing the subaward agreement. This representative is responsible for ensuring that the subaward is in compliance with all applicable laws, regulations, and policies.

subaward. Although PIs may have administrative staff to assist them with the management of project funds, the ultimate responsibility for the management of the sponsored project work and funds rests with the PI.

In order to carry out their responsibilities effectively, PIs should meet with their administrative and/or accounting staff to review charges in a timely manner. The fundamental responsibilities of the PI during the post-award phase include:

- Executing the project as outlined in the funded proposal, using sound management techniques;
- Authorizing only those expenditures that are reasonable and necessary to accomplish the project goals and are in keeping with the sponsor's terms and conditions;
- Spending no more than the amount authorized by the sponsor for the budget period;
- Carrying out the project's financial plan as presented in the funded proposal, or making changes to the plan following a prescribed set of policies and procedures;
- Reporting project progress to the Prime Recipient as outlined in the terms of the subaward;
- Reviewing expenditures in a timely fashion to assure their appropriateness and correctness;
- Complying with all Subrecipient policies and procedures related to project management and personnel practices; and
- Complying with all applicable prime sponsor rules, regulations, and terms and conditions of the award.

## **2.2 Financial Management**

The federal government has extensive oversight for financial and regulatory compliance. The compliance environment has become much more rigid to reduce the potential for waste, fraud, and abuse.

Additionally, compliance with a diversity of laws, assurance that charges to sponsored projects are allowable and allocable, and documentation of cost sharing and program income are critical issues in sponsored project audits. Listed below are some regulatory areas of concern.

### **2.2.1 Financial Management Reports**

The Subrecipient Accounting staff should prepare monthly financial management reports. These reports should summarize the monthly expenditures and be sent to the PI for review and comment. The management reports should consist of sufficiently detailed information such as a summary of expenses, transactions, encumbrance information, and balance sheet to ensure proper financial oversight of the project.

### **2.3 Summary of Revenue & Expenses**





writing and reviewed and countersigned by the Authorized Recipient before being sent to the Prime Recipient for review and approval.

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### **2.5.1.5 Foreign Travel**

Foreign travel may require special review and/or approval, depending on the subaward terms, even when the travel has been included in the initially approved budget. A formal request on Subrecipient letterhead, endorsed by the Subrecipient's Authorized Official must be submitted to the Prime Recipient's Authorized Official. A formal Modification to the Subaward will be issued by the Prime Recipient if foreign travel is approved.

### **2.5.1.6 New Subawards**

Subawards not included in the original proposal require the Sponsor's approval prior to executing a formal agreement and commencing work. A formal request justifying the need for the new subaward must be submitted on Subrecipient letterhead endorsed by the Subrecipient's Authorized Official to the Prime Recipient with the new Subawardee's scope of work, budget, and budget justification. A formal Modification to the Subaward will be issued by the Prime Recipient if the new subaward is approved.

### **2.5.1.7 No-Cost Extensions**

The PI is expected to complete work within the project period specified in the award. However, if the PI needs additional time to complete the approved scope of work, using existing funds, the Prime Recipient may consider a request to extend the expiration date of the award at no additional cost. Funds remaining at the end of the award is not considered as sufficient justification for an extension of time. Normally, no single extension may exceed twelve months and only in exceptional cases will more than one extension be granted. A formal request justifying the need for the no-cost extension must be submitted on Subrecipient letterhead endorsed by the Subrecipient's Authorized official

- Prior written approvals from the Prime Recipient and the Sponsor;
- Prior written approval from the Subrecipient (remember the Subrecipient has the legal agreement, not the PI); and
- Written approval/acceptance from new Subrecipient's Authorized Official.

All transfers begin at the Subrecipient organization from which the PI is leaving, and it is his/her responsibility to initiate the process. Before changing institutions, the PI must notify their Authorized Official who will, in turn, notify the Prime Recipient. The Prime Recipient will then notify the Sponsor, request permission to close out the existing subaward, and then issue a new subaward to the new Subrecipient.

Because awards are made to the Subrecipient organization, the Subrecipient must agree to any proposed transfer. An alternate PI from within the Subrecipient's organization may be requested to step in and be named as PI.

Submission of the relinquishing statements from the Subrecipient to the Prime Recipient does not guarantee approval to transfer the award. Only upon receipt of approval by the Prime Recipient's Authorized Official is the award officially transferred. If/when the Prime Recipient agrees to the transfer, it will still be necessary to provide, before official transfer, a final progress report, final invention statement, final financial status report, and final property report.

Alternatively, the University may issue a subaward to the new institution for the remainder of the project if time and funds remaining are modest and both sides agree. Refer to Section 2.5.1.6 New Subawards.

#### **2.5.1.9.a.1 Property Equipment**

If a PI intends to transfer property and equipment to the new organization, they will need to work with their Financial Contact to ensure internal organizational processes related to property records are followed.

The PI may need to provide adequate justification of the need for the equipment at the new institution. A letter should also be obtained from the new institution stating that it will accept title and assume financial responsibility for packing and shipping the property. Once approved, the Subrecipient may allow the transfer of equipment items. The Subrecipient may need to verify

- A summary of the proposed PI's qualifications specific to the project; and
- Any programmatic and budget changes resulting from the proposed change.

Before a change of PI can take effect, the Prime Recipient must approve this request. Submission of a PI change request does not guarantee Sponsor approval. Formal approval via modification to the Subaward Agreement will be issued by the Prime Recipient if approval is granted.

## **2.6 Effort Reporting**

2 CFR 200.430(i) contains rules and procedures for the substantiation and documentation of direct costs charged to federal grants and contracts. Subrecipients must certify their effort in accordance with 2 CFR 200.430(i). If the Subrecipient does not have an Effort Reporting Policy in place, time sheets certifying actual hours worked by the individual and verified by a supervisor with direct knowledge of the hours worked on the subaward may be used.

## **2.7 Other Financial Management Issues**

### **2.7.1 Overspent Projects**

It is the responsibility of the PI to ensure funds are spent appropriately, including remaining within the allotted budget amount. If for any reason an anti( )-10 (r)3 kens fal/MCID 7 >>(on-7 (a)n9a)4 (n a)



- Supporting statistical data or documentation; and
- Management activities, such as documentation or materials produced, personnel issues, etc.

## **2.8.2 Project Closeout**

Projects may require some or all of the following reports: final technical, final financial, patent and invention, and property inventory for both purchased and equipment supplied by either the Prime Recipient and/or Sponsor. A closeout may also require the submission of a final invoice and a Release of Claims. Information regarding final reports can be found in Attachment 4 of the Subaward Agreement.

The PI should report distribution and required delivery dates. After the project has ended, the entire project file including accounting records subject to audit must be archived for the period required by the Prime Award. A project must be completed at the end of the award period if the Subrecipient is to receive complete reimbursement.

### **2.8.2.1 Final Technical Report and Other Deliverables**

Upon expiration of the project, the PI is responsible for submitting the final technical report to the Prime Recipient within the timeframe specified in Attachment 4 of the Subaward. Failure to submit this report in a timely manner could jeopardize future funding by the Prime Recipient, not only for the PI, but also for other investigators funded by the Prime Recipient. A copy or confirmation of a final report should be submitted to the Subrecipient's Financial Contact.

The PI is responsible for submission of all technical reports required under the terms of an award, as well as other agreed upon deliverables such as data, graph, or software. Failure on the part of a PI to submit a final report in a timely matter may affect the collection of funds for this project and future funding from the

The Prime Recipient will send a Release of Claims (ROC) to the Subrecipient's Authorized Representative. The ROC is an acknowledgment by the Subrecipient that it has no further claims against the Prime Recipient, including reports, residual property or equipment, and any Intellectual Property created under the Subaward.

### **2.8.2.3 Final Inve**



