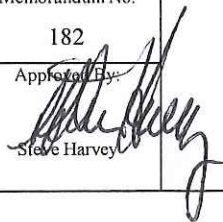


**FINANCIAL MEMORANDUM**

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Approved By:  Steve Harvey	<b>SUBJECT: SUBAWARDS</b>	Date Issued 8/12/16
		Replaces 12/22/09

A subaward is a contractual agreement between Icahn School of Medicine at Mount Sinai (ISMMS) and a third party organization to perform a portion of an ISMMS sponsored project. Similar terms that are commonly used are: subcontract, subgrant, subagreement, and pass through. Although these can have slight nuances of meaning, they are all contractual relationships between ISMMS and another institution/organization/corporation.

The administration of subawards and monitoring of subawardees are governed by the Uniform Guidance 2.CFR.200 from the Federal Office of Management and Budget. This policy defines only those contractual relationships that involve transfer of research or programmatic activity to another institution. It is not intended to provide guidance on other types of contractual relationships (including consulting agreements) which may occur on sponsored projects. These other types of contracts are vendor relationships and are governed by ISMMS's procurement policies.

The following grid outlines the key components of subawards and contractor relationships and should be used as a guide to proper classification of a contractual relationship.

<b>Subaward</b>	<b>Contractor Agreement</b>
Subawardee services are uniquely designed in response to each project, and not provided commercially.	Contractor provides the goods or services commercially.
Subawardee technical lead is usually a scientific collaborator, or even a co-PI on the ISMMS project.	Contractor operates in a competitive environment.
Subawardee retains rights to intellectual property.	Contractor retains no rights to intellectual property.
Subawardee participates in development and execution of statement of work.	Contractor provides the goods or services ancillary to the operation of the federal program.
Subawardee results are likely to be published in the scientific literature and/or subawardee is likely to be a co-author on a ISMMS publication.	

In some cases it may be difficult to tell the difference between a subaward and a contractor agreement, but the budget and statement of work will usually provide enough information to make the determination. If you have any questions when preparing a proposal budget, please contact Grants and Contracts Office (GCO). (Please note that it is in the PI's best interests that contractor agreements and subawards be identified in the proposal budget as accurately as possible, since the assessment of indirect cost will be determined by the characteristics of the subaward at the time it is issued.

These and other restrictions are summarized below.)

**Subaward versus Vendor Agreement – What rules and restrictions apply?**

Subaward	Contractor Agreement
Requires prior approval of the sponsor, if not originally included in proposal (Subject to the Expanded Authorities)	Generally does not require prior approval of the sponsor, subject to rebudgeting restrictions imposed on the particular category of cost.
ISMMS indirect costs are only assessed on the first \$25,000 of the subaward per subawardee institution. No additional indirect costs will be assessed on a subaward during the approved period of the award under which it was issued. However, if there is follow-on funding beyond the originally approved period of the award (e.g., competitive renewal), then indirect costs will again be assessed, on the first \$25,000 of each subaward. It is particularly important to keep this in mind when preparing proposal budgets.	Indirect costs are assessed on entire amount, just as with most other direct costs.
Is exempt from sole-source justification or open-bid requirements.	Is subject to sole-source documentation or open-bid requirements.
Is subject to federal subrecipient monitoring requirements.	Is not subject to federal subrecipient monitoring requirements.

It is MSSM policy that Subawards are funded for a maximum of one year, renewable for additional periods as appropriate. All modifications to existing Subawards must be negotiated with the Subrecipient and are dependent on the continuation of the primary award.

In accordance with federal regulations, it is ISMMS policy that the ISMMS awardee must perform a substantive role in carrying out the activities of a project and not merely serve as a conduit for an award to another party. As a condition to its acceptance of funding from a sponsor, the ISMMS is obligated in its role as primary recipient to undertake certain stewardship activities and to ensure compliance by the Subrecipient with federal, state and local laws and regulations and with the

restrictions placed upon the primary award by the sponsor. In addition, the ISMMS remains responsible to the sponsor for managing funds and meeting performance goals.

The ISMMS's stewardship activities will include the following:

- a. Prior to granting certain Subawards, the ISMMS will assess the potential Subrecipient's organizational and financial status and internal controls as well as the terms of the proposed Subaward Agreement and will establish conditions for the Subaward consistent with the level of risk perceived.
- b. The ISMMS will advise the Subrecipient of all appropriate flow-down provisions from the primary award, all relevant ISMMS policies and, if such Subrecipient is a non-U.S. entity, all applicable U.S. laws and regulations.
- c. The ISMMS will, on an ongoing basis throughout the life of the award, monitor the activities of a Subrecipient under the Subaward in accordance with the Subaward Agreement to ensure that awarded funds are used for authorized purposes and that performance goals are achieved.

For purposes of this Policy, "subrecipient monitoring" includes both pre-award assessment of the proposed Subaward and Subrecipient and post-award monitoring of the programmatic and financial activities of the Subrecipient under the Subaward.

The preparation, negotiation, final approval and execution of Subaward Agreements for all Sponsored Projects are responsibilities of Sponsored Projects Finance ("SPF"). SPF, the Principal Investigator (PI) and Department Administrator (DA) are responsible for initiating all procurement actions needed to encumber the ISMMS financial systems.

Subrecipient monitoring for all Subawards is a shared responsibility of the PI, his/her DA, the Chair of his/her Department (the "Chair"), SPF and Grants and Contracts Office ("GCO").

## **I. Subrecipient Monitoring**

### **A. Pre-Subaward Submission**

Prior to the submission of a proposal for a Sponsored Project that has Subawards (or, if the Subaward is not known at the time of the submission of a proposal, prior to the execution of the Subaward Agreement), the PI is required to provide the GCO with certain information and/or documentation about the proposed award. Appendix A provides specific guidance as to what information and documentation is required.

### **B. Subaward Risk Assessment**

After an award is made, but before executing a Subaward Agreement, SPF will review information and documentation obtained through the Subrecipient Questionnaire (Appendix B) on the potential Subrecipient's organization, financial condition and management processes and controls and to assess the risk relating to the Subaward and the Subrecipient. The Subrecipient Questionnaire is not required for subawardees who are part of the FDP subaward monitoring pilot project; their information is available in the FDP Clearinghouse.

For purposes of this Policy, the term "Risk Assessment" means a Subaward of at least \$500,000 per project period or competitive segment with a Subrecipient (a) with which the ISMMS has had no prior work experience or a poor work experience (e.g., a Subrecipient that has not performed adequately on prior Subawards or has a history of non-compliance) or (b) that is either (i) a non-U.S. entity or (ii) a for-profit entity.

### **C. Establishment of Subaward**

Following the receipt of a notice of award and, where the Risk Assessment is required, following the completion of the subaward risk assessment, SPF is required to take certain actions and process the subaward. Such actions are described in Appendix C.

### **D. Post-Subaward Monitoring.**

1. **General.** Following the execution of a Subaward Agreement, the PI and his/her DA will jointly determine the frequency and scope of departmental monitoring procedures based on the PI's assessment of the project's needs. The PI and the DA should report any material problems with respect to any Subaward to SPF.

2. **Performance.** The PI will monitor the progress of the Subrecipient work scope by reviewing formal progress reports on a timely basis. He/She may also receive informal progress reports by phone or e-mail. Site visits are a discretionary monitoring procedure, but are recommended to evaluate the Subrecipient's compliance with the scientific objectives of the Sponsored Project and the appropriateness of the Subrecipient's administration of the Subaward. The frequency of site visits will depend on the risk associated with the Subaward, the level of complexity of activity and the scope and duration of the project. Site visits should be documented by meeting notes, trip reports or correspondence and such documentation retained in the files

3. **Invoices.** The invoices are received by the SPF who forwards them through Sinai Central to the PIs and DA. The PI and the DA will review all Subrecipient invoices and compare them in relation to the Subaward budget and the work performed; they return to SPF with approval to pay if appropriate.

4. **Monitoring.** Monitoring activities include the core monitoring areas; activities as reported in the progress report; allowable costs/cost principles (costs paid are reasonable and necessary for performance of subaward); period of availability of funds (time period authorized for federal funds to be expended); reporting (reporting requirements contained in agreement are being met); and any special provisions.

The following are various tools for monitoring subrecipients; these are intended to assist in ensuring that the subrecipient is conducting its portion of the sponsored activity in compliance with subaward terms.

- Review of progress reports and documentation
- Careful review of billings and the supporting documentation accompanying reimbursement requests
- Review Single Audit Report and evaluate any finding contained therein
- Perform on-site visit:

- To review financial and programmatic records;
- To observe operations;
- To inspect facilities to ensure compliance with program requirements;
- To interview staff to ensure they are informed of and carry out program policy and regulations.

Monitoring follow-up is done to ascertain corrective action has been done for any problems or deficiencies that may have been identified.

**5. Closeout.** Following the conclusion of a Subaward period of performance, the Subaward should be processed for closeout and formally closed within 60 days, unless SPF grants an extension of time. The requirements for closeout are described in Appendix D.

**POLICY ON SPONSORED PROJECT SUBAWARDS**

**Information and Documentation Required in  
Connection with the Subaward Submissions**

The following information and documentation should be provided by the PI to the GCO prior to the submission of a proposal for a Sponsored Project that has Subawards (or, if the Subaward is not known at the time of the submission of a proposal, prior to the execution of the Subaward Agreement):

1. Statement of work;
2. Budget and budget justification meeting the requirements of the sponsor and the University, together with a copy of the Subrecipient's negotiated rate agreement, or a PHS check list page; and
3. Face Page (e.g., PHS 398), a Subaward Proposal Face sheet or a letter of commitment/letter of intent signed by an authorized institutional official of the Subrecipient certifying as to the statement of work, the accuracy of the budget and institutional compliance with any applicable regulations and agency-specific requirements.
4. Letter of Intent signed by an authorized official of the subawardee institution.
5. Confirmation of compliance with Financial Conflict of Interest Policy.

Subrecipient Questionnaire
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Dear Sir or Madam:

**As the prime recipient of a U.S. government award, Icahn School of Medicine at Mount Sinai (ISMMS) is responsible for the expenditure of its federal funds by external subcontractors. Our records indicate that your institution is or will be a subrecipient of Federal funds awarded to ISMMS. Accordingly, to ensure your institution is in compliance with OMB Circular A-133, now known as 2CFR200 subpart F (or Uniform Guidance), ISMMS requires that this questionnaire be completed by an authorized business official of your organization. Failure to respond or provide the required information can result in delay or termination of the sub-award(s) agreement and/or payment of claims.**

**Please return the completed questionnaire (including required attachments per requested on the form) by E-mail to [subcontractagreements@mountsinai.org](mailto:subcontractagreements@mountsinai.org)**

1. Complete the address and contact information below:

Name of the Institution:

Address:

Phone:

Fax:

Email:

URL:

DUNS Number:

EIN (Employee ID Number):

Registered in System of Award Management (SAM)?  Yes  No

2. Type of Organization:

Federal Government     Individual     New York State

Other State (non-NY)  Corporation     Foreign Government

Non-Profit Org     University/Higher Education   

Foundation

3. Organization classification/Representation:

Large Business     Small Business     Small Disadvantaged

Business

Woman-Owned  Individual  Volunteer Organization

Non-Profit Org

University/Higher Education  Minority Institution/Owned

Veteran Owned

4. Has the subrecipient previously done work for the US federal government?  Yes  No

5. Is your organization subject to an annual audit under Uniform Guidance?

- **If YES, please attach a copy of your organization's most recently completed federal audit report and indicate the fiscal year that the attached report was completed here: Fiscal Year**  Yes  No
- *If the attached Uniform Guidance audit report is not for the most recent fiscal year, please indicate when your organization anticipates completion of the next audit here: Completion Date*
- **If, NO please attach a copy of your organization's most recent financial statement.**

6. If an annual A-133 audit was performed was the report clear of any significant deficiencies or material weaknesses?  Yes  No

If the answer was **No** to **any** of the above, please proceed with the remaining questions listed below.

7. Does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm?  Yes  No  
(Please provide your annual financial statements)

8. Are duties separated such that no single person has complete authority over an entire financial transaction?  Yes  No

9. Does the subrecipient have a financial management system that provides records that can identify the source and application of funds for each award supported activities?  
 Yes  No



10. What is the subrecipient's accounting system for recording expenses charge to contracts, grants, and cooperative agreements?

Accrual  Modified accrual  Cash

11. Does the subrecipient have a formal, written personnel policy that address:

- a. Pay Rates and Benefits  Yes  No
- b. Time and Attendance  Yes  No
- c. Leave  Yes  No
- d. Discrimination  Yes  No
- e. Conflict of Interest  Yes  No
- f. Nepotism  Yes  No

12. Does the subrecipient have a formal, written travel policy?  Yes  No

13. Does the subrecipient have a formal, written purchasing policy?  Yes  No

14. Does the subrecipient ensure that all cost transfers are legitimate and appropriate?  
 Yes  No

15. Does your organization have a system in place for subrecipient monitoring?  
 Yes  No

16. If prior A-133 audit contained findings, please answer the following:

a. Were material weaknesses, material instances of noncompliance, or findings related to subawards from Icahn School of Medicine at Mount Sinai noted?  
 Yes  No

b. Did the audit address the subrecipient's internal controls?  Yes  No

I certify that the above information accurately represents the organization of which I am an authorized representative.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title (please print or type)

## **POLICY ON SPONSORED PROJECT SUBAWARDS**

### **Establishment of Subaward**

Following receipt of a notice of award and, for Risk Assessment Subawards, the completion of the subaward risk assessment, SPF will take the following actions:

1. Confirm the budget with the PI and/or the DA;
2. Prepare a Subaward Agreement according to the terms of the primary award incorporating all the data elements required by the Uniform Guidance.
3. Have the Subaward Agreement fully signed by both the GCO and an authorized official of the subrecipient;

Following execution of a Subaward Agreement, SPF will e-mail a copy of the agreement to the PI and DA to initiate the Procurement Contract to encumber the obligation in the General Ledger System.

**POLICY ON SPONSORED PROJECT SUBAWARDS**

**Requirements for Closeout**

The following requirements must be met prior to a Subaward being closed out:

1. The PI should insure that all deliverables (e.g., technical/progress reports, patent / invention documentation, equipment report, final invoice, etc.) have been received from the Subrecipient and should verify the technical completion of the Sponsored Project.
2. The PI, with the assistance of his/her DA, should complete a final review of all costs charged by the Subrecipient to insure that only allowable and appropriate costs have been incurred.
3. Once the above tasks have been completed, the PI should approve the final invoice from the Subrecipient, indicating that it represents a final payment. Such approval will represent the PI's acknowledgement that all tasks and obligations of the Subrecipient have been completed. It is important that the final invoice be promptly received and approved, in order to insure appropriate and timely expenditure reporting to the sponsor.

If additional information is required, please contact Sponsored Projects Finance at 646-605-4023.