INTRODUCTION

The University of Wisconsin-Milwaukee (UWM) is the prime recipient on a wide range of sponsored awards in which a third party (subrecipient) performs a portion of the project. The primary mechanism to support third-party participation, both fiscally and programmatically, is a subaward agreement (subaward). This document provides guidance to the Office of Sponsored Programs staff on the factors that influence outgoing subawards.

This Guide reflects best practices in subaward management as well as the more stringent subrecipient monitoring requirements imposed by OMB Circular A-81: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, referred to as Uniform Guidance (UG), which took effect December 26, 2014. UG intends to streamline the proposal development and award management process and tighten regulations in several key areas, including subawards. The UG also uses different terminology, particularly referring to “prime recipients” as “pass-through entities” (PTEs). These two terms are interchangeable, therefore this document uses PTE to align with the UG. Additional information regarding the UG is also available online in the Electronic Code of Federal Regulations.

Subawards are complex, legal documents that require careful consideration during the proposal development, award setup, and award closeout phases. The subaward process at UWM has several phases:

If you have questions about subawards, please contact:

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fleischm@uwm.edu or 229-4853
A. OVERVIEW

1. Introduction
Outgoing subawards are used when a portion of the research will be conducted by a third-party (subrecipient). A subrecipient is an external entity, such as an institution of higher education, hospital, non-profit organization, museum, or business. An outgoing subaward is a contractual agreement between UWM as a pass-through entity (PTE) and a subrecipient that describes the terms and conditions under which the research will be conducted. Outgoing subawards include a statement of work and a budget/budget justification specific to the subrecipient.

2. Subrecipients vs. Contractors
As the PTE of a grant award, UWM has the authority to determine whether a third-party on a project is considered a subrecipient or a contractor (formerly referred to as a vendor). The term "subrecipient" is intended to cover both subgrantees and subcontractors. UWM handles this classification on a per-project basis (e.g., the same entity may be classified as a "subrecipient" on one project and a "contractor" on another). The following characteristics may be considered in making this determination:

a. **Characteristics that support a subrecipient classification include:**
   1. Has responsibility for programmatic decision-making.
   2. Measures its performance in relation to the prime award.
   3. Funds and carries out its own programs.
   4. Requires considerable discretionary judgment and the unique expertise of the subrecipient personnel in the performance of the work.
   5. May be included as co-authors on publications or can publish on its own based on the results from the project.
   6. Performs work that involves human subjects or animal research.

b. **Characteristics that support a contractor classification include:**
   1. Provides the goods and services within the normal scope of business operations.
   2. Provides similar or "off-the-shelf" goods and services to many different purchasers.
   3. Normally operates in a competitive environment.
   4. Provides services that are repetitive in nature or commonly available goods.
   5. Assumes the risk if performance is more costly or time-consuming than expected.

At UWM, OSP is responsible for drafting and executing outgoing subawards and modifications for projects that meet the subrecipient requirements above. For contractors on a project, UWM uses Academic Support Services Agreements (ASSAs), Payment to Individual Reports (PIRs), and Procurement Contracts. For guidance on appropriate payment methods, please refer to the [UWM Payment for Services Flowchart](#) or the appropriate [Unit Business Representative (UBR)](#).

3. Subrecipient Selection and Key Considerations
The UWM Principal Investigator (PI) ultimately decides which, if any, organizations to include in a project. However, UWM is unable to issue a subaward or other contract to any organization that is presently suspended or debarred from receiving federal funds.
Key considerations for selecting subrecipients for a project include:

1. Education, training, and experience of the PI, Co-PI, and/or other personnel at the subrecipient institution.

2. Ability of subrecipient’s PI, Co-PI, and/or other personnel to provide meaningful and substantial contributions to the research collaboration.

3. Facilities, equipment, and other resources available to the subrecipient to support the project.

4. Capacity of subrecipient to confirm to the financial management and compliance requirements of the sponsor.
B. OUTGOING SUBAWARDS IN PROPOSAL DEVELOPMENT AND SUBMISSION

1. Introduction

In order to submit a proposal to a sponsor, OSP requires basic information at the pre-award phase. This section describes the roles and responsibilities of those involved in the proposal submission process: the UWM PI, the subrecipient, and OSP.

2. Outgoing Subaward Types

There are two major types of outgoing subaward agreements: cost-reimbursable and fixed-price.

- **Cost-reimbursable agreements** allow UWM to pay allowable, allocable, and reasonable costs incurred by the subrecipient during the term of the agreement. The subrecipient is responsible for invoicing UWM throughout the term as costs are incurred, typically not more often than monthly and not less than quarterly.

- **Fixed-price agreements** are used when payment is contingent upon completion of milestones and deliverables. During the term of the agreement the subrecipient typically invoices UWM for a mutually agreed-upon dollar amount at pre-determined intervals, typically when milestones have been met or deliverables are provided.

3. Uses of Cost Reimbursable vs. Fixed-Price Subawards

**Cost-reimbursable may be appropriate when:**
- The subrecipient is involved in a basic research project in which the outcome is unknown or deliverables cannot easily be defined.
- The subrecipient is subject to administrative controls, such as audits or prior approval for changes in expenditures.
- Payment is tied directly to the expenditures, not to exceed amount of the outgoing subaward.
- The subrecipient is providing cost-sharing to the project.

**Fixed-price may be appropriate when:**
- The subrecipient provides deliverables in addition to or in lieu of technical reports.
- The subrecipient must provide all deliverables within the subaward price regardless of the actual cost.
- Payments are linked directly to acceptable deliverables. If deliverables are not met, the subrecipient does not receive payment.
- The primary award to UWM is a fixed-price contract or agreement.

When developing the proposal, **PIs should request a fixed-price subaward** in the budget justification, if appropriate. The following language can be used in the budget justification:

> “Due to the scope and role of [INSERT SUBRECIPIENT NAME] as described in this proposal, UWM anticipates issuing a fixed-price subaward. The subrecipient meets the criteria for a fixed-price subaward described in 2 CFR 200.201.”

OSP may determine that a fixed-price subaward is more appropriate than a cost-reimbursable subaward based on the scope of work and budget during either proposal development or award implementation. **Under the UG, UWM must seek federal agency approval prior to issuing a fixed-price subaward.** The type of instrument used depends on a variety of factors, including:
- The subrecipient’s scope of work and budget in the project.
- The outcome of a subrecipient’s risk assessment.
- The subrecipient’s past performance on UWM projects.
Prior approval may be obtained by including a fixed-price budget and budget justification with the proposal or it may be requested at the time of award. If needed at the time of award, OSP will request approval from the sponsor’s contracting officer on the PI’s behalf.

4. **Information Requested from Subrecipients**

Subrecipients will be required to provide the following information at the time of proposal submission:

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>INSTRUCTIONS/DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of Work</td>
<td>A scope of work provides a general overview of the subrecipient’s role in the project. The scope of work does not need to detail the exact scientific methodology or programmatic processes involved in carrying out the proposed work, but rather should provide sufficient detail in order to determine whether the subrecipient has fulfilled their requirements under the project. A Scope of Work template is attached as an Appendix. The format of the Scope of Work may vary based on the project and/or sponsor requirements.</td>
</tr>
<tr>
<td>Budget and Budget Justification</td>
<td>All subrecipients must provide a budget and budget justification for their portion of the project. The budget and budget justification should provide sufficient detail regarding the proposed expenses for the subaward. A Budget Justification template is attached as an Appendix. The format of the Budget and Budget Justification may vary based on the project and/or sponsor requirements.</td>
</tr>
<tr>
<td>A Letter of Commitment or Statement of Intent to Enter into a Consortium Agreement</td>
<td>Subrecipients must provide a Letter of Commitment to UWM that is signed by an authorized institutional official. These letters are not typically provided to the sponsor during the proposal submission process; the letter is required to ensure that the appropriate institutional official(s) of the subrecipient institution are aware of the necessary grant policies governing the submission. If the subrecipient does not have a standard Letter of Commitment template for these types of arrangements, UWM has a Statement of Intent to Enter into a Consortium Agreement available online and as an Appendix.</td>
</tr>
<tr>
<td>Subrecipient De Minimis Rate Agreement</td>
<td>Subrecipients with federally-negotiated Facilities and Administrative Rate Agreement must use their negotiated rate(s) when applicable. For institutions without federally-negotiated rates, the institution may elect to use a ten percent (10%) de minimis rate as set forth under 2 CFR 200.414. A Subrecipient De Minimis Rate Agreement is available as an Appendix.</td>
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</table>

Other materials may be required based on the sponsor, program guidelines, or submission instructions.
5. Roles and Responsibilities in the Proposal Submission Process

What is the role of the principal investigator, subrecipient, and OSP in the development and submission of the proposal? Each is detailed below.

- **UWM PI/Department**
  - Request items from proposed subrecipient(s): scope of work, budget, budget justification, and letter of commitment.
  - Establish deadline for subrecipient(s) to submit items to the UWM PI.
  - Ensure subrecipient(s) role(s) on project is clearly defined throughout the proposal.
  - Carefully review subrecipient(s) proposal materials against the proposal to ensure alignment with sponsor guidelines.
  - Forward the subrecipient(s) proposal materials to OSP via WISPER for review.
  - Check SAM to verify the subrecipient(s) is eligible to receive federal funding and participate in the project.
  - Submit proposal to the sponsor.

- **Subrecipient**
  - Verify subrecipient(s) is registered in relevant proposal submission systems (FastLane, eRA Commons, etc.) if necessary.

- **UWM OSP Pre-Award Specialists**
C. PROJECT AND SUBAWARD MANAGEMENT

1. Introduction
When a funded project includes outgoing subawards, OSP will initiate the subaward process. This section describes the roles and responsibilities of the parties to ensure award setup and subaward execution.

2. Roles and Responsibilities in the Project and Subaward Management Process
What is the process for establishing a subaward once UWM receives the official award notice? Who is responsible for what steps in the process? The following chart provides a general overview of the roles and responsibilities of the parties.

<table>
<thead>
<tr>
<th>UWM PI/Department</th>
<th>Subrecipient</th>
<th>UWM OSP¹</th>
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</thead>
<tbody>
<tr>
<td>• Receive award documentation and establish project code.</td>
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<tr>
<td>• Send UWM Questionnaire to subrecipient(s).</td>
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<td>• Subrecipient completes UWM Questionnaire.</td>
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<tr>
<td>• UWM PI provides updated scope of work, budget, and other information required for subaward.</td>
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<td>• Draft the subaward with appropriate terms and conditions for the subrecipient's level of risk.</td>
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<td>• Send subaward draft to the UWM PI for review.</td>
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<tr>
<td>• Send approved draft subaward to subrecipient(s) for review and approval.</td>
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<tr>
<td>• Complete and return the subaward to the UWM PI.</td>
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<tr>
<td>• Review for completeness and execute subaward.</td>
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<tr>
<td>• Send encumbrance request to the UWM PI and his/her department.</td>
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<tr>
<td>• Notify the UWM PI that the subaward has been executed.</td>
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</table>

¹ Pre-award specialists will handle project account creation (Step 1). Subaward administrators will handle the remaining OSP steps.
3. Project Management

At UWM, the PI is in the best position to assess a subrecipient’s progress on grant-funded projects. To ensure proper oversight, OSP will seek feedback from the PI as invoices are received from subrecipients. Specifically, OSP will email the following request to the PI for approval to pay an invoice from a subrecipient (with the invoice attached):

“The Office of Sponsored Programs received the attached invoice from [Insert Subrecipient Name]. Please review the invoice and reply to this message to authorize payment.

By authorizing payment, the Principal Investigator agrees, to the best of his/her knowledge, the subrecipient:

- Has made sufficient progress in its approved scope of work.
- Is current in all reporting requirements to UWM.
- Included only those expenses that are eligible for reimbursement in the attached invoice and consistent with the work performed.

If the subrecipient and the attached invoice do not meet any of the above requirements, please contact [Insert Name] in the Office of Sponsored Programs to discuss potential monitoring strategies.
SECTION D: AWARD CLOSEOUT

1. Introduction
As the PTE, UWM cannot close out awards until all subrecipients have completed their work, invoiced UWM, and completed all reporting requirements.

2. Roles and Responsibilities
The roles and responsibilities for project close out appear below. The closeout process must occur within 45 or 60 calendar days of the outgoing subaward end date or as indicated in the terms of the subaward. The length of time for subrecipients will vary based on the prime award; subrecipients will have 45 days to provide their final materials if the prime award must be closed in 90 days. Subrecipients will have 60 days to provide their final materials if the prime award must be closed in 120 days.

After the project is closed, if the subrecipient has costs disallowed during an audit, the subrecipient must notify UWM OSP immediately.

- Submit the final technical report to the UWM PI.
- Submit the final invoice and any other required documentation (e.g., property report, patent report, etc.) to the UWM Financial Contact.
- Send the final invoice to the UWM PI for review.
- Review the subrecipient's technical report and invoice to ensure alignment with overall project goals and deliverables.
- Authorize payment of the final invoice.
- Coordinate payment with UWM Accounts Payable.
- Complete the final financial report.
- Complete the final technical report.
- Immediately notify UWM if costs are disallowed during a subsequent audit.
Appendices

- **Scope of Work Template**
  A scope of work provides a general overview of the subrecipient’s role in the project. The scope of work does not need to detail the exact scientific methodology or programmatic processes involved in carrying out the proposed work, but rather should provide sufficient detail in order to determine whether the subrecipient has fulfilled their requirements under the project.

- **Budget Justification Template**
  Budget justifications detail the figures contained in the subrecipient’s budget. The budget justification should provide the basis and calculations for the costs. This template may be used for most research projects; subrecipients may need to edit/modify to the sponsor guidelines and situations as appropriate.

- **Statement of Intent to Enter into a Consortium Agreement**
  Subrecipients must provide a signed Statement of Intent to Enter into a Consortium Agreement prior to proposal submission.

- **Subrecipient De Minimis Indirect Cost Rate Agreement**
  This document acknowledges that the subrecipient does not have a negotiated F&A rate agreement and agrees to recover 10% F&A as allowed by the Uniform Guidance. This agreement should be provided to the subrecipient at the proposal development stage. The UWM PI is responsible for obtaining the subrecipient’s signature on the agreement.
SCOPE OF WORK TEMPLATE

Project Title

Project Start/End Dates

Subrecipient PI Name(s)

Project Description
The project description should include a brief overview of the subrecipient’s portion of the project’s purpose. Additionally, the project description should include the project’s objectives, tasks, and deliverables/milestones as appropriate.

Project Overview

Project Objectives

Project Tasks

Deliverables/Milestones
BUDGET JUSTIFICATION TEMPLATE

Senior/Key Personnel

Other Personnel
  Post-Docs:

  Graduate Students:

  Undergraduate Students:

  Other Professionals:

Fringe Benefits

Equipment

Travel
  Domestic

  International Travel

Participant Support Costs

Other Direct Costs
  Materials and Supplies:

    Publication Costs:

    Consultant Services:

    Computer Services:

    Other

Direct Costs

Indirect Costs

Total Direct and Indirect Costs
STATEMENT OF INTENT TO ENTER INTO A CONSORTIUM AGREEMENT
JULY 2015

Title of Application:
Applicant Institution: University of Wisconsin-Milwaukee (UWM)
UWM Principal Investigator:
Cooperating Institution:
Consortium Principal Investigator:
Total Project Costs:
Proposed Project Period:

The appropriate programmatic and administrative personnel of each institution involved in this grant application are aware of the appropriate grant policy and are prepared to establish the necessary inter-institutional agreement consistent with that policy.

Signature of Authorized Institutional Official

Typed Name

Title

Date
SUBRECIPIENT DE MINIMIS INDIRECT COST RATE AGREEMENT
JULY 2015

Award Title:

Applicant Institution: University of Wisconsin-Milwaukee (UWM)

UWM Principal Investigator:

Subrecipient:

Subrecipient Principal Investigator:

Total Subaward Requested:

Award Period:

As a Subrecipient under the proposed project without a federally-negotiated Facilities and Administrative Rate Agreement, our organization will accept the 10% de minimis rate as set forth under the OMB Circular A-81 (2 CFR 200.414).

________________________________________
Signature of Authorized Institutional Official

________________________________________
Typed Name

________________________________________
Title

________________________________________
Date