

GRANTS MADE EASY

Awarding and Monitoring Federal Sub-Awards

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Learning Objectives for This Session

1. Understand the roles and relationships of
 - The sponsoring agency to the pass through entity
 - The pass through entity to recipient
 - The recipient to the pass through entity
2. Determine the specific federal regulations to apply when:
 - Making sub-awards under federal grants
 - Monitoring federal sub-awards
3. Understand how to provide effective monitoring of sub-awards
4. Understand what it takes to make federal sub-awards “work” for all parties.

Learning Objective No. 1: Roles & Relationships of:

- Sponsoring agency and pass through entity
- Pass through entity and recipient

Monitoring a Federal Sub-Award Is a Team Effort

Who's on the team?

- The program officer and the grants officer for federal agency making the initial award.
- You, representing the State, Local Government or federally recognized Indian Tribe serving as the pass-through entity; the project director from your institution.
- The program officer and the grants officer for the recipient.

Other Team Members

- Financial officers
- Attorneys
- Procurement Officers

Responsive & Effective Partners

- Understand responsibilities and discharge them in a timely, effective manner
- Communicate effectively
- Promptly and knowledgeably respond to inquiries
- Explain actions and decisions
- Establish collegial, professional relationships among partners

Responsibilities of the Sponsoring Agency

Overall responsibility is to fund a successful program on time and within budget. Duties include:

- Providing program guidance and leadership
- Understanding and delivering substantial assistance in the case of cooperative agreements

Responsibilities of Sponsoring Agency

- Ensuring funding is available in accordance with project budget and funding provisions in Notice of Grant Award
- Being a knowledgeable and responsive member of the team

Responsibilities of Sponsoring Agency

- Monitoring performance and compliance of pass through entity directly and indirectly that of the sub-recipient

Providing Program Guidance and Leadership

Who?

- Technical Issues - Federal agency program officer to pass through entity's project director
- Administrative and Budgetary Issues – Federal grant officer to pass through entity's grant officer

What Are the Responsibilities of the Pass Through Entity?

The pass through entity is responsible for:

- Administering the award consistent with applicable institutional policies and procedures, all applicable federal regulations and circulars, and ensuring that the recipient does the same.

Responsibilities of Pass Through Entity

- Providing effective, knowledgeable oversight and monitoring of sub-award
- Maintaining a professional, collegial relationship with all partners.

What are the Responsibilities of the Recipient?

Recipients are responsible for:

- Carrying out the work described and agreed to in the sub-award
- Complying with the budget and timeline contained in the proposal

More Recipient Responsibilities

- Administering the sub-award consistent with all applicable institutional policies and procedures, applicable federal regulations, and circulars
- Maintaining a collegial, professional relationship with the pass through entity.

Learning Objective No. 2:

- Selecting Appropriate Instrument for Sub-Award
- Determining Appropriate Administrative Requirements /Cost Principles
- Monitoring Federal Sub-Awards

Making Sub-Awards under Federal Grants

- Review the Notice of Grant Award
- Check award amount – be sure there is enough funding for the sub-award
- Check proposal for any budget adjustments that may have occurred during negotiations.
- Check performance period for consistency with the amount of time proposed.
- Check for special conditions.
- Select appropriate award instrument

Grants, Contracts, Cooperative Agreements

The Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), requires executive agencies to distinguish procurement relationships from assistance relationships and provides some general guidance on helping make these distinctions.

What Instrument to Use?

- The Act requires the use of procurement **contracts** for all agency **acquisition** activity.
- The use of assistance instruments (**grants or cooperative agreements**) for specified types of **assistance relationships**.

Preparing a Sub-Award

What do we need to include:

1. Identity of the pass through organization and the recipient
2. The project title and award number
3. Period of performance
4. Project direction (Technical Representative)
5. Award amount

We Also Need to Include....

6. The administrative requirements for the sub-award
7. Cost principles for the sub-award
8. Any special conditions included in the Notice of Grant Award that should be passed on to the recipient.

Which Administrative Requirements/ Cost Principles to Use?

- The administrative requirements/ cost principles for the sub-award must be appropriate to the recipient's type of organization.
- May differ from those of the pass-through entity.

Requirements: State, Local, & Federally Recognized Indian Tribal Governments

- OMB Circular A-102
- OMB Circular A-87
- OMB Circular A-133

Requirements for Educational Institutions & Non-Profits

- 2 CFR Part 215 (formerly OMB Circular A-110)
- OMB Circular A-21
- OMB Circular A-133

Requirements for Hospitals

- 2 CFR Part 215 (formerly OMB Circular A-110)
- OMB Circular A-133
- 45 CFR (*Code of Federal Regulations*) Part 74, Appendix E.

Requirements For-Profit Organizations

- 2 CFR Part 215 (formerly OMB Circular A-110)
- FAR (*Federal Acquisition Regulations*) 31.2

What is the Code of Federal Regulations (CFR)?

The codified regulations of the federal government containing a codification of the final agency regulations published in the Federal Register.

What Parts of the CFR Relate to Grants?

Title 45 CFR Part 74 "Grants and Agreements (including sub-grants with institutions of higher education, hospitals, other non-profit, and commercial organizations.

And

More About CFR

2 CFR Part 215 - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations (formerly OMB Circular A-110).

And

What Parts of the CFR Relate to Grants?

Title 45 CFR Part 92 "Uniform Administrative Requirements for Grants & Cooperative Agreements to State and Local Governments."

Requirements/Cost Principles Must Be Appropriate to the Recipient

Example:

- The pass through entity is a **State or Local Government** agency. What administrative requirements and cost principles are appropriate?
- Answer: **OMB Circular A-102, A-87 and A-133**

Are Those Circulars Appropriate for All Sub-Awards?

No.

Example:

- The state, local government or Indian tribe is making a sub-award to a small, non-profit organization. What administrative requirements and cost principles should be cited in the sub-award?

Answer

2 CFR Part 215, FAR 31.2, include the appropriate administrative requirements/cost principles to be used by non-profit institutions.

What if the Sub-Award is Made to a College or University?

Answer:

2 CFR Part 215 (formerly A-110), A-21 and A-133 contain the administrative requirements/cost principles for institutions of higher education.

Also Include in the Sub-Award

Representations and Certifications of compliance with:

- Civil rights laws – assurances of non-discrimination
- Drug-free workplace
- Debarment and suspension

Representations & Certifications cont'd.

Lobbying restrictions:

Section 1352, Title 31 U.S. Code
implemented by 15 CFR Part 28

“Certification Regarding Lobbying”
applies to all sub-awards over \$100K.
Requires a disclosure or disclaimer
statement from sub-recipient.

What If the Recipient is "High Risk?"

A recipient may be considered "high risk" if it:

- Has a history of unsatisfactory performance
- Is not financially stable
- If management system does not meet standards

“High Risk” Recipients

- Has not conformed to terms and conditions of previous awards, or
- Is otherwise not responsible

Special Conditions for “High Risk” Recipients

Special conditions or restrictions may be included in the Award Agreement, e.g.:

- Payment on a reimbursement basis
- Requiring additional, more detailed financial reporting

Special Conditions Continued

- Requiring acceptance of progress to date before continuing to the next phase of the project
- Establishing additional prior approvals.
- Increased monitoring.

Notifying the “High Risk” Recipient

If the recipient is determined to be “high risk” prior to the award, additional restrictive conditions should be included in the Award Agreement.

Monitoring Sub-Awards

Circulars A-110 and A-102 require pass through entity to monitor sub-award.

Definition of Monitoring

A process whereby the programmatic and business management performance aspects of a grant are reviewed by collecting and assessing information from reports, audits, site visits, and other sources.

Learning Objective No. 3: How to Effectively Monitor Sub-Awards

Establish procedures.

- Regular telephone conversations
- Site visits
- Progress reports
- Face to face conversations
- Financial reports

What to Monitor?

Recipient's

- Record keeping including documentation of expenses, correspondence, modifications to agreements.
- Compliance with performance milestones.

What to Monitor?

- Compliance with administrative requirements and cost principles.
- “Burn rate” of the budget. Are expenses commensurate with progress?

Also Monitor

Prior approvals which are required for:

- Changes in principal investigator
- Absence of principal investigator of three months or more
- Significant change in scope of work
- Some budget revisions, e.g. reallocating participant funds to other line items

Monitoring Expenses

Check financial reports for:

- Unallowable costs
- Late cost transfers (expenses that are posted significantly later than incurred)
- Excessive or unreasonable expenses
- Budget deviations

Monitoring Performance

- Keep in touch on a regular basis
- Be alert to pace of performance
- Be aware of problems recipient is experiencing such as enrolling participants, gathering appropriate data, etc.
- Follow up on performance reports

Monitoring Performance

Strike a good balance by:

- Insisting on compliance with terms of the sub-award
- Avoiding unnecessary administrative requirements

What if Monitoring Discloses “High Risk” Conduct?

Notify recipient as soon as possible in writing to include:

- Nature of the questioned conduct
- Special conditions required to correct questioned conduct
- Time period allowed for correction

Monitoring “High Risk” Recipients

- Method of requesting reconsideration of the new, more stringent conditions/restrictions.

Learning Objective No. 4: Making Sub-awards Work

- Establish good working relationship with sponsoring agency and recipient.
- Be responsive to recipient questions, concerns.

Making Sub-Awards Work

- Provide guidance to recipient as needed.
- Be knowledgeable of sub-award terms and conditions
- Provide appropriate oversight-keep in touch

Keep Complete Records

Set up grant file to include:

- Proposal of pass through entity
- Award to pass through entity
- Proposal from recipient
- Award to recipient
- Modifications to sub-award

Keep Complete Records

- Correspondence including:

- letters

- internal memoranda

- modifications

- copies of e-mails

- notes of telephone conversations

- notes on personal meetings

- records of site visits

Keep Complete Records

- Progress reports
- Final technical report
- Publications produced with sub-award funds

Keep Complete Records

- Financial information:

- Budget

- Budget revisions

- Financial reports

- Invoices

- Expense documentation

- Payments

Be A Team Player

- Be knowledgeable
- Stay informed
- Be diligent
- Be responsive
- Be cooperative

Close-out Procedures

Check the award file for:

- Progress reports
- Final technical report
- Financial reports
- Invention statement

More Close-out Procedures

Coordinate submission of close-out documents with:

- Appropriate offices within your agency
- Recipient
- Federal awarding agency

More Close-out Procedures

Resolve outstanding issues such as:

- Unexpended balances
- Questionable expenses
- Overdue and or unsatisfactory progress/final reports/deliverables

More About Close-out

- Prepare documents for submission to sponsoring agency.
- Retain records according to appropriate regulations.

Remember Why We Do All of This

The ultimate goal of every award is to provide a public benefit.

Facilitating this goal is the responsibility of each member of the team, i.e. federal agency, pass through entity, recipient.