

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."

Administrative Contact: A representative of the Recipient who is the primary University of Alaska Fairbanks contact for all invoice receipt and payment questions and concerns. This representative may also serve as the Financial Contact.

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

Authorized Official: An authorized representative of the Recipient who has signatory authority to commit the Recipient to a legal agreement. This representative is responsible for the negotiation and execution of the subaward and any modifications to its terms, conditions, and regulations.

Subaward: The passing-through of a portion of an award's scope of work that will not be performed by or at the University of Alaska Fairbanks, but will be performed by a legal entity not affiliated with the University of Alaska Fairbanks.

Prime Recipient: The University of Alaska Fairbanks. The direct recipient of extramural funding in the form of a grant or cooperative agreement, and ultimately responsible for the compliance of terms and conditions from all lower-tiered subawards issued under the Prime Award.

Prime Award: A legal award made to the University of Alaska Fairbanks by an external Sponsor.

Sponsor: A generic term for the agency awarding a grant or cooperative agreement.

2. Post-Award Administration

The Subrecipient, PI, Administrative and Financial contacts and Authorized Official all share in the responsibility of managing a sponsored award.

2.1 Role of PI in Post-Award Administration

The PI has primary responsibility for accomplishing the technical goals of the project, while also complying with the financial and administrative policies and regulations associated with the

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

An account summary should provide a current list of budget, income/expenditures, encumbrances, and balance available by the Subrecipient's established account codes for the total project. The following areas of information will assist the PI in their financial oversight responsibilities.

- **Account.** The account number divides and defines cost categories by characteristic or function.
- **Description.** The description lists titles of accounts such as Salary, Travel, Equipment, Supplies, Facilities and Administration (F&A), etc.
- **Budget.** The budget reflects the amount awarded by the sponsoring agency, broken down by cost categories and totaled by award.
- **Current Month Income/Expenses.** Shows all income and expenditures for the month broken out by accounts and totaled by project. Each transaction may be listed separately in a detailed transactions report.
- **Project to Date Income/Expenses.** A representation of the total income and expenditures from the project start date broken out by account and totaled by project. Current month expenditures have been added to this figure.
- **Current Encumbrances.** A complete itemization of all purchase orders and other non-payroll encumbrances outstanding. The Subrecipient's internal policies will dictate if payroll is encumbered or not.
- **Balance Available.** Identifies the funds which are neither expended nor encumbered on the project. The balance available should represent both direct and F&A costs currently available on the project.

2.4 Transaction Reports

A detail transaction report should list every transaction that has occurred during the current reporting period. The body of the transaction report should contain following categories:

- **Transaction number.** A unique internal number assigned to each financial transaction.
- **Date.** The date the transaction was initiated (for purchase orders and vouchers) or the date the transaction processed in the system (travel, direct payments, and campus orders). For payroll costs, this is the date of the last day of the pay period.
- **Account.** The Account number divides and defines cost categories by characteristic or function.
- **Description.** The Description describes the type of transaction, and if it was a purchase outside the University, the name of the vendor or individual is listed.
- **Budget.** Should list all current month entries sorted and totaled by accounts, which adjust budgets.

- Actuals. Should list all current month entries, which affect income, expense, or balance sheet entries. All expenditures and revenues should be listed in this column, sorted and totaled by account.
- Encumbrances. Should reflect the total monthly change to each new encumbrance, sorted and totaled by account. This change reflects either a new encumbrance or a liquidation resulting from a corresponding expenditure.

2.4.1 Open Encumbrances Report

An open encumbrance report should itemize all existing encumbrances on a project. The report should include the following categories:

- Account. The Account number divides and defines cost categories by characteristic or function.
- Reference or Purchase Order number. The unique number assigned to each encumbrance.
- Date. The date the encumbrance was originally posted to the project.
- Detail. For purchase orders, this may be the vendor's name or the person to whom the payment will be made.
- Original Encumbrance. The amount of the original encumbrance sorted and totaled by account.
- Liquidating Expenditure. The amount paid to date or disencumbered from the encumbrance.
- Current Encumbrances. This should reflect the actual encumbrance at the time the report was run.

2.4.2 Balance Sheet

The balance sheet should show, in summary, all changes for the current period that affects a balance sheet account.

2.5 Post-Award Changes & Approvals

Frequently, projects change or evolve from how they were initially proposed to or awarded by the Sponsor. Some changes occurring over the life of the project require prior written approval from the Prime Recipient and/or the Subrecipient's Authorized Official. The level at which approval may be granted depends upon the type of award and the Sponsor's terms and conditions governing the award.

2.5.1 Changes Requiring Prior Approval

The Prime Recipient can help determine whether the terms and conditions of an award permit a change or require prior approval from the Sponsor. A request for modification may need to be in

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

2.5.1.1 Re-budgeting

A proposal may be awarded but at a reduced level of funding. If requested, a revised budget should be submitted to the Subrecipient's Authorized Official for review and approval prior to submission to the Prime Recipient. Reductions in proposed budgets should be evaluated to determine whether there is a change in the PI's level of effort or to the scope of work.

Significant changes to a budget tend to require prior approval by the Prime Recipient and Sponsor.

2.5.1.2 Additional Compensation

Additional Compensation for work over and above the 100 percent of effort may be paid to a faculty/staff member only in exceptional circumstances.

If an individual's salary is paid in whole or in part from a sponsored project, the payment must be reviewed to ensure compliance with award terms. Under most circumstances, the Subrecipient must obtain the Prime Recipient's approval before additional compensation may be approved. The reason for this approval is that under federal regulation 2 CFR 200.430, an individual may only commit 100% of their time. Additional work affects the percentage of effort expended on a grant or contract (one exception to this is teaching in the summer or continuing education courses). Additionally, if the additional compensation is to be paid from a sponsored project, the Subrecipient must verify that the budget approved by the Prime Recipient allows payment for consulting or honoraria. Generally, any internal consulting using federal funds MUST be across departmental lines as stated in 2 CFR 200.430. Payment from a sponsored project to an individual who resides in the same department as the PI of the grant or contract will be allowed only with Sponsor approval.

2.5.1.3 Changes in Objectives or Scope

Changes that significantly alter the scope of work as proposed need to be approved by the Prime Recipient and/or Sponsor. A formal request on Subrecipient letterhead, endorsed by the Subrecipient's Authorized Official with the revised scope or changes in objectives must be submitted to the Prime Recipient's Authorized Official. A formal Modification to the Subaward will be issued by the Prime Recipient if the changes in objectives or scope are approved.

2.5.1.4 Absence or Change of Key Personnel

Prior approval of the Prime Recipient and/or Sponsor is normally required for any absence of the PI for a period of 3 months or more or a reduction of effort equal to or exceeding 25%. A substitute PI may be named or the award may be relinquished. Changes in key personnel whose expertise is critical to the project must also have prior approval of the Prime Recipient and/or Sponsor. 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 indicating approval.

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 to the Prime Recipient's Authorized Official named on the Subaward Agreement at least 60 days before the expiration date of the subaward. A formal Modification to the Subaward will be issued by the Prime Recipient if the no-cost extension is approved.

2.5.1.8 Carry Forward

Individual sponsors vary in the way carry forward of funds unspent at the end of the budget period in a multi-year project are managed and utilized. Each Subaward specifically identifies carryforward as automatic or restricted. If restricted, the Subrecipient must submit a formal request identifying the amount of carry forward, the intended budget use of the carry forward funds, and an explanation for the carryforward on Subrecipient letterhead endorsed by the Subrecipient's Authorized Official to the Prime Recipient's Authorized Official. A formal Modification to the Subaward will be issued by the Prime Recipient if the carry forward is approved.

2.5.1.9 Relocation or Transfer

2.5.1.9.a The PI leaves the University for another Institution

Transfer of an award when the PI or project moves from one institution to another usually requires:

- 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 and certify that only the approved property has been packed and shipped, depending on the requirements of the new institution.

9.5.1.9.b The PI leaves and the Award remains with the Subrecipient

In this case, the Subrecipient has elected to not relinquish the award. Therefore, the Subrecipient will propose a new PI to the Prime Recipient. To initiate a change of PI, the Subrecipient's Authorized Official should be provided with:

- A justification for the change;
- The curriculum vitae of the proposed replacement PI;

- 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 anticipated continuation or preliminary award is not funded, or over-expenditures are incurred on a project for which the contract or grant is terminating, the PI and Subrecipient will be deemed responsible for paying the cost overruns.

2.7.2 Underspent Projects

Careful planning, monitoring, ongoing communication with the Prime Recipient, and revising the work plan, as needed, should be practiced throughout the life of a project to avoid the perception of poor planning and the need to return funds not expended by the end of the project period.

2.8 Reporting Responsibility

Subawards require regular reporting of the progress of the project through periodic financial and technical reports. The format, frequency, and depth and breadth of the reporting are determined by the Prime Recipient, and are specified in Attachment 4 of the Subaward.

2.8.1 Interim Progress Reports

The PI is responsible for submitting interim progress reports to the Prime Recipient within the specified timeframe and format indicated by the Prime Recipient. If no format is indicated, the PI is advised to use a standard format that addresses the following project management concerns:

- A review of the accomplishments to-date compared with the schedule and objectives outlined in the original proposal;
- A review of the challenges faced while attempting to meet the schedule and objectives outlined in the original proposal;

- 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 the PI to deliver any required technical reports to the Prime Recipient in a timely matter may affect the collection of funds for this project and future funding from the Prime Recipient. Additionally, the Subaward terms provide that final payment will not be made until the required final reports have been submitted.

As a confirmation that this requirement has been fulfilled, the PI should provide their Financial Contact with a copy of the final technical report or, if the report is extensive, a copy of the summary or transmittal letter including a distribution list of those receiving a copy of the report.

It is also the responsibility of the PI to identify any and all proprietary material not available for release to the general public.

2.8.2.2 Final Financial Report

The Subrecipient's Financial Contact is responsible for submitting any financial reports required to close out the Subaward. The expiration of an agreement requires the Subrecipient to provide the Prime Recipient a final invoice and final financial report. In the final invoice, the Subrecipient would request any residual funds due under the Subaward, or would refund to the Prime Recipient any excess funds previously billed in excess of final expenditures.

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 Inventory Report and Title to Property

Subrecipient shall comply with the property disposition instructions included in the Prime Sponsor's terms and conditions. The Prime Recipient will request a property inventory report whether or not title to such property is retained by the Subrecipient. When title is not retained at the time of acquisition, the Subrecipient's property management must request title. The PI should assist with any property issues because delayed property issues may result in delayed payment of the final invoice by the Prime Recipient.

9.8.2.4 Patent and Invention Report

When required by the Prime Recipient, a final Report of Patents or Inventions is provided even if the report is negative. If a patentable idea, invention, or discovery is made as a result of a sponsored project, the disclosure must usually be made within a specified time in the Subaward or the Subrecipient may lose rights to the invention.

2.8.3 Late Reports or Non-Reporting

If a project is not going to be completed within the agreed upon project period, or the reports will be submitted to the Prime Recipient later than anticipated, it is critical that the Prime Recipient be informed well in advance. In some instances failure to submit timely reports will delay payment of invoices by the Prime Recipient.

In addition to withholding future awards, final payment on a project will not be issued until reports are received.

2.8.3.1 Subrecipient Policies

Each Subrecipient should have a written policy for managing late technical reporting.

2.9 Records Retention

Accurate research records are an essential component of any research project. Both the Subrecipient and the PI have responsibilities and rights concerning access to, use of, and maintenance of original research data* regardless of the source of funding for the project. Except where precluded by the specific terms of a Subaward Agreement, tangible research property, including the scientific data and other records of research conducted by the faculty or staff of the Subrecipient, belongs to the Subrecipient.

**Research Data: includes laboratory notebooks, as well as any other records that are necessary for the reconstruction and evaluation of reported results of research and the events and processes leading to those results, regardless of the form or the media on which they may be recorded.*

2.9.1 Subrecipient Ownership and Responsibilities

The Subrecipient retains ownership and stewardship of the scientific data and records for projects conducted at the Subrecipient's organization or that use Subrecipient personnel or resources. The Subrecipient's oversight responsibilities must adhere to regulations, including 2 CFR 200.333 and good management practices.

The Subrecipient's responsibilities include:

- Complying with the terms of Subawards;
- Ensuring appropriate use of animals, human subjects, recombinant DNA, etiological agents, radioactive materials, etc.;
- Protecting the rights of students, postdoctoral scholars, and staff, including, but not limited to, their rights to access data from research in which they participated and their rights to publish the results of such research;
- Protecting and securing intellectual property rights;
- Facilitating the investigation of charges, such as scientific misconduct or conflicts of interest;
- Complying with audit requests for information; and
- Providing Prime Recipients with timely and appropriate reports as required by the Subawards.

2.9.2 Principal Investigator's Responsibilities

The PI is responsible for the collection, management, maintenance, and retention of research data accumulated under a research project. The Prime Recipient must retain research data in sufficient detail and for an adequate period of time to enable appropriate responses to questions about accuracy, authenticity, privacy, and compliance with laws and regulations governing the conduct of the research. It is the PI's responsibility to determine what records need to be retained to comply with the Prime Recipient's requirements. PIs should adopt an orderly system of data organization and should communicate the chosen system to all members of a research group and to the appropriate administrative personnel, where applicable. Particularly for long-term research projects, PIs should establish and maintain procedures for protection of essential records in the event of a natural disaster or other emergency.

2.9.3 Duration of Retention of Data

Research data must be archived for a minimum of three (3) years after the final project closeout, with the original data retained whenever possible. Some Subawards require a longer period of retention.

Circumstances requiring a longer period of retention may include:

- Data that must be kept for as long as necessary to protect intellectual property and complete patenting and licensing procedures for inventions resulting from the work;
- If any charges regarding the research arise, such as allegations of scientific misconduct, conflicts of interest, or allocable and allowable costs, data must be retained until such charges are fully resolved;
- Data must be kept on hand for three years (FOIA); and
- If a student is involved in the research, data must be retained at least until the student's degree is awarded or it is clear that the student has abandoned work on the project.

2.9.4 Access to Records

Records may normally be retained in the department where they are produced. Research records must be retained in the Subrecipient's facilities, or in facilities leased or maintained by the Subrecipient. The PI should develop appropriate procedures for proper archiving and tracking of research data. Permanently bound laboratory books are required for pursuit of patents.

2.9.5 Transfer of Data or Records When a Researcher Leaves the Subrecipient

When individuals involved in research projects leave the Subrecipient, they may be allowed to take copies of research data for projects on which they have worked unless the Prime has retained the rights to such data, or the data or records are proprietary and/or confidential in nature. The PI must retain all original records at the Subrecipient's organization.

If a PI leaves the Subrecipient organization, and the research project is going to be transferred to another organization, ownership of the data may be transferred with the approval of the Prime Recipient and/or Sponsor. The Subrecipient should retain a copy of all records regarding the research completed by the Subrecipient in the event of an audit or other inquiry.

The PI's new institution must accept and agree to take custodial responsibilities for the transferred data and should grant the Subrecipient access to the original data should it be necessary.

If a PI leaves the Subrecipient organization and the research project will remain with the Subrecipient, a new PI will be assigned to take responsibility for all original records retained at the Subrecipient organization.