

Seattle College District Procedure

NUMBER: 670

TITLE: SCD Grants and Contracts

APPENDIX J: Managing Sub-awards

OVERVIEW: The purpose of this appendix procedure is to provide guidance on proposing; developing, issuing, and monitoring sub-awards.

Seattle Colleges distinguishes between a sub-recipient and a contractor in accordance with federal guidance ([§200.330 Sub-recipient and contractor determinations](#)) to differentiate sub-awards from other forms of sub-agreements such as consulting agreements or purchasing agreements.

Seattle Colleges may use their own form of sub-award agreements provided the requirements of [2 CFR 200.331\(a\)](#) are met. If any of the information required by 2 CFR 200.331(a) is not available, pass-through entities must provide the best information that is available to describe the Federal Requirements.

Sub-recipient: A sub-award is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the sub-recipient. See §200.92 Sub-award. Characteristics which support the classification of the non-Federal entity as a sub-recipient include when the non-Federal entity (*ibid*).

A Sub-award agreement should include:

1. Sub-recipient name--which must match registered name in the System for Award Management (SAM)
2. The sub-recipient's "unique entity identifier" in SAM. The unique entity identifier currently is the sub-recipient's Data Universal Numbering System (DUNS) number
3. Sub-award Period of Performance Start and End Date
4. Project Description
5. Budget and Budget Justification
6. Catalog of Federal Domestic Assistance (CFDA) Number
7. W-9 form
8. Indirect cost rate for the pass-through entity's Federal award. If the sub-recipient does not have a negotiated Indirect Cost, they will be eligible to use the 10% de-minimis indirect cost rate described at [2 CFR 200.414\(f\)](#).

The Principal Investigator (PI) must sign sub-awards under Contract. The PI is responsible for determining the need for a sub-award and must consult the Purchasing Office when issuing a consulting agreement on a sponsored project. The PI's signature on this form certifies that the PI has selected the sub-awardee in accordance with this policy, and determined that their costs are reasonable and that all proposed costs are allowable under the Sponsor's anticipated terms and conditions.

Seattle Colleges issue sub-awards on a cost-reimbursement basis.

Seattle Colleges have right to refuse payment reimbursement if any expenditures cannot be justified. We are accountable for all grant activities and expenditures by our sub-recipients. Every receipt should be tied to a grant objective. Require complying with all state, federal & granting regulations and ensure sub-recipient does the same.

The sub-recipient is accountable to the pass-through entity for compliance with Federal requirements. In turn, Seattle Colleges as the pass-through entity is responsible to the granting federal agency for ensuring that sub-recipients comply with Federal requirements.

Sub-recipient Performance monitoring Check list

The Seattle Colleges as the prime recipient of the funds outlines the following forms of monitoring activity to ensure the grant funds are being used for authorized purposes and as required by the grant agreement and applicable regulations:

- Reporting – Reviewing financial and performance reports submitted by the sub-recipient.
- Site Visits – Performing site visits at the sub-recipient to review financial and programmatic records and observe operations.
- Must have Internal Control
- Audit Certification/Audit findings
- Regular Contact – Maintaining regular contact with the sub-recipient and inquiring about program activities.
- Departments must take appropriate monitoring actions to ensure compliance with sub-agreement performance, financial terms and conditions, and all applicable federal rules and regulations.

The Office of Management and Budget (OMB) Circular A-133, Compliance Supplement 2015, Part 3, provides detailed information on sub-recipient monitoring.

As a prime recipient Seattle Colleges develop a plan for how it will monitor the sub-recipients. Monitoring plans must be based on a risk assessment performed after the prospective sub-recipient completes the entrance questionnaire below.

Entrance Questions	Yes/No	Sub-recipient Comments	Reviewer Comments
Is there pending or threatened litigation against the organization? If so, please describe.			
Are you aware of any actual fraud, allegations of fraud or noncompliance that occurred over the past year?			
Did you expend greater than \$750,000 in federal assistance over the most recently completed fiscal year and, if so, was an A-133 audit performed? Please attach most recent A-133 if applicable.			
Grant monitoring (other than A133 audit) performed on other federal funding with compliance exceptions reported. If so, describe program monitored and nature of compliance issues identified.			
Significant changes to fiscal or compliance policies and procedures? If so, please summarize the key changes.			
Was program income generated as a result of funded program activities? If so, please describe nature of program income and estimated amounts earned.			
Document recent layoffs, losses of significant grant or other funding and/or other financial difficulties facing your organization			
Document significant turnover in key positions (Executive Director, Finance Director, Program Manager)			
Other significant events or transactions that occurred during current or past Program Year?			

Risk Assessment/Risk Factors:

- Sub-recipient’s prior expertise with same or similar sub-awards
- Results of previous audits
- New personnel or changed systems
- Results of federal monitoring
- Properly training
- Do they have adequate written policies & procedures
- Do they have the methodology for resolving finding of noncompliance or internal control weaknesses
- Requiring payments as reimbursements rather than advance payments;

- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
- Requiring additional, more detailed financial reports;
- Requiring additional project monitoring;
- Requiring the non-Federal entity to obtain technical or management assistance, and;
- Establishing additional prior approvals.
- Terms and conditions concerning the close out of the sub-award

Pass-through must monitor its sub-recipients to assure compliance & performance goals are achieved.

This Includes:

- Review financial & programmatic report (submit on time & comply with financial rules, completing report & meeting, programmatic requirements)
- Ensure corrective action is in place
- Issue a “management decision: on audit findings
- Performance reports at least annually –Quarterly check award for requirements
- Delay in sending invoices with backup documents to Business Office may have include late payment
- Reconcile monthly. Reconciling monthly can help prevent time consuming correction such as the inclusion of unallowable expenditures which often result in non-payment or short payment triggering the need for voided & revised invoices.
 - Monitor Invoices & payment information in FMS to ensure timely payment are made by the sponsor.

FINANCIAL INFORMATION –

The following instructions must be written into the sub-award / contract language so the terms are communicated to the recipient.

Monthly invoicing: Invoices are due by the 15th calendar day of each month for the preceding calendar months' worth of expenditure activity. Each

- A-19 Invoice and backup financial documentation
- Reimbursement requests due by the 15th calendar day of the month following the month for which reimbursements requested.
- Request signed by authorized signatory
- Time and Effort documentation to support salary expenditure items.

Backup documentation for reimbursement must be available upon request for the following:

Personnel

- Payroll report from your financial system
- Time & Effort reclassification (if actual hours differ from the budget)
- Expenditure report

Travel

- Travel form with a note for reason of purchase
- Copy of all receipts and other supporting documentation

Equipment

- Purchase Orders
- Itemized receipts for allowable expenses as identified in grant statements
- Grantees must receive prior approval from the Federal Agency for the purchase and/or lease of any equipment with a per-unit acquisition cost of \$5,000 or more

Supplies

- Invoices from third party vendors
- Itemized receipts for allowable expenses as identified in grant

Contractual

- Include the invoice from a personal services contract. It has been approved
- Contractors must provide the backup documentation

Other

- Any other budgeted funds for support services or ancillary expenses
- Need to provide backup documentation for expenditures

Indirect

- Amount and documentation from financial system
- Federally Approved Indirect Rate

Leverage resources

- Completed leverage expenditures form (if applicable)

- Match report (if applicable)
- Attach supporting documentation

Accrual report

- The total cost of all goods and services received or services performed