

OFFICE OF SPONSORED PROGRAMS SUBAWARD PROCESS MANUAL

1. INTRODUCTION

The purpose of this document is to assist Virginia Tech faculty and staff in the preparation of subawards issued under sponsored programs.

The Post Award Division of the Office of Sponsored Programs (OSP) is responsible for processing subaward agreements that are **issued by the University to organizations outside Virginia Tech** in support of sponsored research.

Subaward agreements **received by the University from other entities** are processed by the Pre Award Division or the Contracts Team in OSP.

Sponsored programs, funded by awards/contracts made to Virginia Tech, are usually conducted within the physical boundaries of the University. On occasion, a portion of the required effort may be performed by one or more other institutions or companies (third parties) who are made responsible for a discrete part of the project. When the portion of effort is performed by a third party and constitutes a substantive component of the sponsored research, the third party is required to provide the resources and personnel necessary to conduct that portion of the work as an independent subcontractor. Costs normally associated with a third party effort could include any or all of the following: labor, fringe benefits, materials and supplies, travel, equipment, other direct costs, and facilities and administrative costs (indirect costs). In the profit sector, it is common to see costs such as labor overhead, material overhead, general and administrative expense, and a profit or fee included in the budget.

Subawards will be processed in a manner which provides full protection and safeguards to both the University and the sponsoring agency.

Subawards that commit the University to a liability may be signed only by specific University officers who have the authority to commit the resources of the University.

2. DEFINITIONS – See Office of Sponsored Programs, [Procedure 10008 Subrecipient Monitoring and Management Guidelines](#)

3. SUBAWARD PROCEDURES

a. Sponsor Approval to Subcontract:

- 1) In accordance with (IAW) 2 CFR 200.308(c)(6), recipients do not have to obtain prior approval from Federal awarding agencies to subcontract any work under an award IF the subcontractor was included in the application (proposal) and funded in the approved award.
- 2) If award is a Federal contract that contains FAR Clause 52.244-2, check the contract documents and the provisions for consent to subcontract to determine if prior approval is required
https://acquisition.gov/far/current/html/52_241_244.html#wp1129081.

b. Subcontractor's Proposal:

When a PI is developing a research proposal, there are times when it is necessary to rely on a third party (subcontractor) to assist in the project because the requisite services or expertise are not available in house. The PI will decide what activities this will encompass and select an appropriate subcontractor who possesses the skills and technical capabilities required to perform the work.

It is the responsibility of the PI to obtain, as a minimum, the following from the proposed subcontractor:

- 1) A subcontractor's scope of work or statement of work. The scope of work is incorporated into the subaward agreement and should describe the work to be undertaken by the subcontractor. Key elements of a clearly defined scope of work are:
 - a) Objective, aims or purpose;
 - b) A general description of the actions to be performed by the subcontractor and the expected results;
 - c) A list of detailed work requirements-- list tasks and what is expected, provide both technical and performance specifications if applicable, and list of deliverables (e.g., test results, data, research findings, etc.);
 - d) Personnel requirements – who will support this effort;
 - e) Sponsored-furnished or Virginia Tech-furnished equipment and other resources to be furnished to the subcontractor in the performance of the work, if applicable; and

- f) Reporting requirements – describe any reports, with frequencies (e.g., monthly, quarterly, semi-annually, annually) to be submitted by the subcontractor to show progress.
- 2) A separate subaward budget and budget justification. The budget must provide a detailed breakdown of budget categories, such as salaries, wages, fringe benefits, materials and supplies, equipment, travel and other direct costs that are required in order to accomplish the specific aspects of the research that the subcontractor has been requested to perform. Percentage of effort for each personnel should also be included. Facilities and administrative (F&A) costs (indirect costs) and fringe benefits should be calculated using the subcontractor's negotiated federal rate agreement; however, there will be times when a sponsor may have a statutory or regulatory limit on F&A recovery. If the subcontractor does not have a negotiated federal rate agreement, the de minimus rate of 10% modified total direct costs (MTDC) can be used if the subcontractor requests such in accordance with 2 CFR 200.331(a)(4).
- 3) If cost sharing is a mandatory requirement by the awarding agency, a cost share budget and budget justification should be provided by the proposed subcontractor.
- 4) If the total estimated cost for the subcontractor(s) is more than 50% of the total budget, the PI is required to provide a written explanation/justification to the Director of Pre Award for approval prior to submitting the proposal to the sponsor.
- 5) Letter of commitment. The subcontractor's proposal (scope of work, budget and budget justification) must be submitted to OSP with a letter of commitment from a designated official who is authorized to commit the subcontractor's resources to the completion of the project.

The PI should check the prime's specific guidelines (i.e., RFP, BAA, or solicitation) for any additional requirements that may be mandatory such as certifications, assurances, current and pending support, and curriculum vitae. If uncertain, the PI should contact their Pre Award Associate for assistance.

The subcontractor's proposal will be incorporated into Virginia Tech's proposal and the subcontractor's costs will be included in Virginia Tech's budget as a direct cost. Use the following methodologies when calculating Virginia Tech's facilities and administrative costs (indirect) when a subcontractor is included:

- a) When using MTDC method, the amount which exceeds \$25,000 of each subcontract should be excluded from the calculation IAW 2 CFR 200. Indirect cost on the first \$25,000 is calculated using the appropriate on- or off-campus rate.
- b) When indirect costs are calculated using Total Direct Cost (TDC) method, indirect is taken on the entire budget, which includes the subcontractor, using the appropriate on- or off-campus rate.

During the processing of the proposal by OSP, the Pre Award Associate will ensure that the proposal adequately identifies the subcontractor and will also ensure that a scope of work, detail budget with justification, and letter of commitment for the subcontractor is obtained.

c. Preparing the Subaward:

When OSP receives an award that includes a subcontractor, once the award has been negotiated and fully executed, the Subcontract Administrator receives an electronically generated email (through the Agreements Tracking System) with notification that a proposal has been funded that includes a subcontractor(s). Upon receipt of the email, the Subcontract Administrator or designated assistant will proceed to the Electronic File Directory (EFD) and download the pertinent documents (e.g., prime award, final internal VT budget, subcontractor's scope of work, budget, budget justification, letter of commitment, justification to subcontract over 50%, etc.). The Subcontract Administrator will:

- 1) Using the OSP Subaward Checklist (at Appendix A), track required and completed actions. In addition, OSP staff can track a particular subaward using the Subcontract Tracking Log found on the OSP Share Drive at <\\research.vt.edu\Shared\OSP\PostAward\Subcontracts\Subcontract Tracking Log.xls>. This log contains the status and dates of key documents and pertinent information in regard to ongoing negotiation issues, which are recorded in the "Comments/Notes" section.
- 2) Send an email to the PI advising him/her that the fully executed award has been received and request his/her approval to proceed with issuing a subaward agreement. Using the **Request to Issue a Subcontract** template at Appendix B, will allow the PI the opportunity to notify OSP of any reporting requirements and/or special terms and conditions that need to be incorporated into the subaward. NOTE: OSP cannot issue a subaward until the **Request to Issue a Subcontract** is completed and returned.
- 3) Once the PI approves the establishment of a subaward, check, via the System for Award Management (SAM) at <https://www.sam.gov/index.html/##11>, to

determine if the proposed subcontractor has delinquent federal debt or any active exclusions. Active exclusion records identify entities (subcontractors) who are excluded from receiving federal contracts, certain subcontracts, and from certain types of federal financial and non-financial assistance and benefits. These are also commonly known as “suspensions” and “debarment”.

- 4) Conduct a Visual Compliance check on the subcontractor and their principal investigator at <https://www.visualcompliance.com/logon.cfm?ssl=1&CFID=94559&CFTOKEN=ab1468d0687677c0-11C63B93-1143-E2BA-A6EC8176BD361926> or send an email to the Office of Export and Secure Research Compliance (OESRC) requesting a Visual Compliance check. The Visual Compliance screening performs Restricted Party Screening against all relevant U.S. Government lists, including Specially Designated Nationals and Blocked Persons.
- 5) If any adverse issues surface from the SAM and/or Visual Compliance check, these issues need to be resolved immediately. If unable to satisfactorily resolve issues, the PI and the Director of Post Award should be contacted immediately.
- 6) Subcontractors that are subject to 2 CFR, Part 200, Subpart F – Audit Requirements (i.e., states, local government, institutes for higher education, and non-profit organizations) must provide a copy of their most recent independent audit report or a link to their audit report prior to issuance of a subaward. Subcontractors not subject to 2 CFR, Part, 200, Subpart F – Audit Requirements (i.e., for profit entities and entities that expend less than \$750,000 in Federal awards in a given fiscal year), must provide an audited or unaudited financial statement/documents before a subaward can be issued. Foreign entities, located in under developed areas, can be exempted from submitting audited financial statements and in lieu of financials they will be required to submit detail receipts with each invoice. If an entity, not subject to 2 CFR, Part 200, elects not to submit financials based on the information is deemed proprietary, have Wally Swink run a company background check and submit Wally’s findings along with the overall details of the subaward (e.g., type of agreement to be issued, amount of subaward, period of performance, name of prime sponsor, etc.) to the Compliance Team for their review and approval to proceed. The Compliance Team will notify the Subcontract Administrator if special terms and conditions are required in the subaward agreement.
- 7) On the OSP share drive at <\\research.vt.edu\Shared\OSP\PostAward\Subcontracts> there is a folder for

each established subcontractor. Check the folder to determine if OSP has a copy of the subcontractor's latest Facilities and Administrative Cost Rate Agreement and fringe rate agreement, if applicable. If not on file, and applicable, check the subcontractor's website before requesting such documents.

- 8) Conduct a Risk Assessment. 2 CFR 200.331(b) requires the pass-through entity, as a minimum, to evaluate each subcontractor's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring mechanisms required. The risk assessment is handled by OSP during the subaward issuance process, and subrecipient monitoring is a continuous event that runs throughout the life of the subaward (See **Section 4. Subcontract Monitoring**).

OSP will conduct an initial risk assessment using the Risk Assessment Questionnaire at Appendix C. The overall thresholds for determining the level of risk for a particular subcontractor is as follows where Total Score equals Institution Score plus Project Score:

Low Risk = Total Score is 1 – 24

Medium Risk = Total Score is 25 – 34

High Risk = Total Score is 35+

If the Total Score is 25+ or if either the Institution Score or Project Score is 15+ the Risk Assessment Questionnaire, with any supporting documentation, will be sent to the Compliance Team for review to determine if any special requirements and/or terms and conditions should be included in the subaward agreement in order to mitigate risk (e.g., more frequent reporting, shorter periods of performance or smaller, more frequent funding allocations, more detailed invoices or backup documentation).

- 9) At the proposal stage, Pre Award sends to proposed subcontractors the Subrecipient Data Sheet (see Appendix D) requesting they complete and return the datasheet with their proposal. NOTE: OSP cannot issue a subaward until the Subrecipient Data Sheet is completed and returned with all applicable documents.
- 10) If the proposed subaward involves human subjects or animal experimentation, the subcontractor must provide appropriate approvals. If approvals are not in place at the time the subaward agreement is ready to be released, ensure language is included to the extent that research which involves human subjects or animal subjects (whichever is applicable) cannot start until such approvals are

in place and upon request by Virginia Tech, approvals must be provided by the subcontractor.

11) Perform a price/cost analysis using the Price/Cost Analysis Worksheet found at Appendix E. It is the responsibility of OSP and the PI to review the subcontractor's budget to make a determination as to the acceptability of proposed costs. This evaluation of acceptable costs will be accomplished using one of the following methods based on the dollar value of the subaward.

a) If the subaward value is less than \$150K, OSP will conduct a price analysis (is the price fair and reasonable without analyzing the separate cost elements) as follows:

(1) OSP will verify that the fringe benefit rate and indirect rate proposed are IAW negotiated federal rate agreements or in compliance with sponsor directed limitations.

(2) For subcontractors that do not have a negotiated federal fringe rate agreement, supporting documentation as to how the rate was derived must be provided.

(3) If the subcontractor does not have a negotiated federal rate agreement, the subcontractor may elect to charge a de minimus rate of 10% modified total direct costs (MTDC) IAW with 2 CFR 200.414(f).

(4) In addition, the PI is required to review the subcontractor's scope of work and budget to determine if the scope of work is current and the costs presented are reasonable and necessary to carry out the project (this part of the ***Request to Issue a Subcontract***).

b) If the subaward value is over \$150K and less than \$700K, OSP will conduct a cost analysis (evaluation of the separate elements that make up the subcontractor's total cost proposal to determine if they are allowable, directly related to the project and reasonable). As stated above, the PI is required to review the subcontractor's scope of work and budget to determine if the scope of work is current and the costs presented are reasonable and necessary to carry out the project.

(1) Salaries and Wages:

- a. Verification from the PI that the amount of effort or number of hours is reasonable to perform the work (this is part of the Request to Issue a Subcontract).
 - b. Verification of hourly rates or salary rates—if rates are included in the subcontractor’s budget or budget justification and the budget is submitted by an authorized representative of the subcontractor, this is acceptable verification.
 - c. If an escalation factor is included supporting documentation is required.
 - d. In the absence of supporting documentation, the following certification signed by an authorized representative of the subcontractor will be required, “The salary and wage information provided is true and correct and represents the current and actual base rate of each individual proposed.”
- (2) Copy of the negotiated federal fringe rate agreement, if applicable. In the absence of a fringe rate agreement, supporting documentation as to how the rate was derived must be provided.
- (3) Equipment is an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5K per unit item unless otherwise specified in the subcontractor’s Facilities and Administrative Cost Rate Agreement. Subcontractor must provide a list of equipment that will be purchased with funds from the subaward agreement to include the estimated unit cost for each piece. Vendor quotes can be requested as needed.
- (4) If travel is required, the Subcontractor must provide the location(s) of travel, number of days per trip, number of travelers per trip with estimated cost for each location unless travel requirements are to be determined at a later date.
- (5) Materials and Supplies – the subcontractor should provide a list of any materials or supplies with an estimated unit cost of \$500 or more.

(6) Other Direct Costs include computing services or time, communications, student fees, etc. – the subcontractor should provide supporting documentation for rates and costs.

(7) Copy of the subcontractor's negotiated federal indirect cost rate agreement. If subcontractor does not have such rate agreement, the subcontractor may elect to charge a de minimus rate of 10% modified total direct costs (MTDC) IAW with 2 CFR 200.414(f).

c) If the subaward value is \$700K or greater, the subcontractor will be required to complete the ***Certificate of Current Cost or Pricing Data*** found at Appendix F.

12) Check to verify if subcontractor is established in Banner (FZIVEND) as a vendor (OR-1).

13) If not in Banner, send an email to fdg-resc@exchange.vt.edu with the following information requesting establishment as a new vendor (OR-1). If subcontractor is an individual, his/her Social Security Number (SSN) will be provided in lieu of a Federal ID number and so the request must be faxed to the Purchasing Department to either Kathy Slusher or Sally Shupe at 540-231-6221 in lieu of email.

- a) Name of subcontractor
- b) Address
- c) Federal ID number or SSN

14) Check the Subcontract Database to determine if the subcontractor has served as a subcontractor in the past and already has a Banner Account Code. If not, add as a new subcontractor. If the subcontractor is a Virginia Agency then a 20XXX Banner Account Code will be established. If the subcontractor is NOT a Virginia Agency then a 19XXX will be established.

15) Check to verify Banner Account Code is activated (FTVACCT). If not, send an email to woods@vt.edu in the Controller's Office requesting activation of the Banner Account Code with the following information:

- a) Banner Account Code:
- b) Banner ID:

- c) Title of Subcontractor (limit to 35 characters):
- 16) The Controller's Office will send an email confirmation once the code is activated. Verify activation through Banner (FTVACCT).
- 17) Complete the Record of Negotiations (Appendix G) which will formally document the principal elements needed to write the subaward agreement.
- 18) Draft subaward agreement:
 - a) If the prime award is a Federal grant or cooperative agreement and the subcontractor is a nonprofit organization or an institution for higher education, the Federal Demonstration Partnership (FDP) template can be utilized. In accordance with **2 CFR, 200.331 – Requirements for Pass-Through Entities**, the subaward must include the following information:
 - (1) Subrecipient name and unique entity identifier (Data University Numbering System [DUNS]) (name on subaward agreement must match registered name in DUNs)
 - (2) Federal Award Number and Federal Award Identification Number (FAIN)
 - (3) Federal Award Date
 - (4) Subaward Period of Performance
 - (5) Amount of Federal Funds obligated by this action
 - (6) Total amount of Federal funds obligated to the subrecipient
 - (7) Total amount of the Federal Award
 - (8) Federal award project description
 - (9) Name of Federal awarding agency
 - (10) CFDA number and title
 - (11) Identification if award is R&D
 - (12) Indirect cost rate for Federal award.

- b) For all other awards, the Virginia Tech standard template model will be utilized. For the most part, the type of subaward (i.e., cost reimbursement or fixed price) will be consistent with the prime award.
 - c) If the subcontract is in support of one of the Office of International Research, Education, and Development (OIRE), U.S. Agency for International Development (USAID) awards (for example, Integrated Pest Management [IPM] Innovation Lab) the applicable standard template for either US Nongovernmental or Non US Nongovernmental will be utilized to establish the subcontract.
 - d) For Federal awards, all applicable Federal laws and regulations, and all appropriate flow-down provisions from the prime award will be incorporated.
- 19) Types of Subawards – There are two broad categories of subawards: cost reimbursement and fixed price.
- a) Cost reimbursement is the most common subaward issued by Virginia Tech. A cost reimbursement subaward is suitable when the work to be performed cannot be described in highly quantitative terms or when neither party to the subaward can estimate its cost with confidence. A cost reimbursement subaward establishes an estimate of total cost for the purpose of obligating funds and establishes a ceiling that the subcontractor may not exceed (except at its own risk) without the prior written approval from the pass-through entity (Virginia Tech) and the sponsor. The subcontractor is reimbursed for actual costs incurred as long as the costs were expended on goods and services that fall within the subcontractor's scope of work and are allowable costs IAW the terms and conditions of the prime award and the subaward agreement.
 - b) A fixed price subaward is suitable when the services or goods can be adequately described and later measured in unambiguous terms. The subcontractor is awarded a fixed amount for performance of a specified set of tasks or delivery of a certain service. The fixed amount may not be adjusted, no matter what costs the subcontractor actually incurs. In short, the subcontractor is at risk to perform, and the pass-through entity (Virginia Tech) is guaranteed a certain level of performance at no risk of spending more than budgeted.

IAW 2 CFR 200.332, fixed price subawards can be issued up to the Simplified Acquisition Threshold (currently at \$150K) with prior approval from the Federal awarding agency as long as the requirements of 2 CFR 200.201 are met.

- 20) Enter the subaward agreement into the Subcontract Database.
- 21) Once the subaward is finalized, if the PI indicated on the ***Request to Issue a Subcontract*** that he/she desires to review the subaward agreement prior to OSP releasing the agreement to the subcontractor, send the agreement to the PI asking for his/her review and approval to release. In the event the PI does not desire to review the subaward, send the subaward directly to the subcontractor for review.
- 22) In rare instances sponsor review and approval of the subaward may be necessary prior to execution—this requirement will be stated in the prime award from the sponsor.
- 23) Negotiate any exceptions to the terms and conditions utilizing the expertise of the Contracts Team as required. Documentation of all negotiations must be retained and filed in the subaward file.
- 24) Once the subcontractor returns a partially executed agreement, obtain signature from the Assistant Vice President for Sponsored Programs Administration, or duly appointed signatory.
- 25) A copy of the fully executed subaward will be provided to the subcontractor, the PI, and the Post Award Associate via email; one hard copy will be retained in OSP (in the subcontractor's file folder); and an electronic copy placed on the OSP Share Drive in the subcontractor's folder at <\\research.vt.edu\Shared\OSP\PostAward\Subcontracts>.
- 26) Prepare an Encumbrance Memo requesting funds be encumbered for the subaward and send the memo, along with a copy of ***Request to Issue a Subcontract***, to Debbie Howery, OSP Finance Team. Sample memorandum can be found at Appendix H.
- 27) The Subaward Payment Record (Appendix I) will be completed, printed and placed in the subaward file which will be passed to the appropriate Post Award Associate for subaward monitoring, billing, compliance, and closeout.

28) In accordance with the Federal Financial Accountability and Transparency Act (FFATA), OSP is required to file a report in the Federal Funding Accountability and Transparency Act Subaward Report System (FSRS) <https://www.fsrs.gov> for all federally funded subawards. The threshold for FFATA reporting is as follows: (a) subawards greater than \$30,000 and federal award is a contracts and (b) subawards greater than \$25,000 and federal award is a grant. The report must be submitted within 30 days upon execution of the subaward.

4. SUBCONTRACT MONITORING

Virginia Tech is responsible for ensuring that sponsor funds, including those provided by Virginia Tech to other entities, are spent IAW all applicable laws and regulations. 2 CFR, 200.331 requires Virginia Tech, as the pass-through entity, to monitor the activities of the subcontractor as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statues, regulations, and terms and conditions of the subaward; and that subaward performance goals are achieved.

The responsibility for monitoring subcontractors is divided between the PI, along with his or her departmental administrator, and OSP. This section will address how Virginia Tech complies with 2 CFR, 200.331—subrecipient monitoring requirements and identifies the responsibilities of those involved.

Responsibilities of the PI. The PI is responsible for identifying the subcontractor at the Pre Award stage, and for determining whether the proposed scope of work meets the needs of the project and whether the proposed costs are reasonable in relation to the work to be performed. In addition, the PI should assess the technical expertise and the key personnel assigned to perform the work to make a determination that the subcontractor is likely to comply with the requirements of the subaward.

Once the subaward has been issued, the PI is responsible for monitoring the subcontractor during the life of the subaward—see memo at Appendix J.

Responsibilities of OSP. Prior to issuing a subaward, OSP will review the subcontractor’s latest audit report and or financial statements. The audit report is an effective tool to determine whether federal funds are being spent properly by the subcontractor and financial statements provide an overall assessment on the solvency of the subcontractor.

As prescribed in 2 CFR 200.331 **Requirements for Pass-Through Entities**, OSP will verify that every subcontractor, who expended \$750,000 or more in Federal awards during the fiscal year completes a single or program-specific audit in accordance with 2 CFR 200, Subpart F – Audit Requirements . NOTE: This requirement is not applicable to for-profit subcontractors.

In accordance with [Procedure 10008 Subrecipient Monitoring and Management Guidelines](#), the OSP Subcontract Administrator or designated individual will send a system-generated certification letter annually to each subcontractor who received federal funds for that particular fiscal year. The letter requests subcontractors to certify they have met the annual audit requirements for that fiscal year and to provide the results of such the audit, or certify that they are not subject to the UG requirements (i.e., subcontractor is a for-profit, foreign entity, or received less than \$750,000 in Federal awards during the fiscal year) .

If the subcontractor identifies any material weaknesses, material instances of non-compliance or audit findings related to any subawards issued by Virginia Tech, OSP will implement the following procedures to determine the appropriate course of action in response to the findings:

- a. The Subcontract Administrator will request a copy of the subcontractor's corrective action plan, if it is not already included in the audit report documentation, and will file this in the subcontractor's folder and in the Current Audit Findings folder both found in the EFD in the Subcontracts directory.
- b. The Subcontract Administrator will notify the OSP Compliance Team about the findings.
- c. The Compliance Team will meet with the Post-Award Associate(s) who have active subawards with that subcontract to review the findings and the subcontractor's corrective action plan. If the disclosure of the findings was made during the negotiation and set-up of a new subaward, then the Subcontract Administrator will be included in the review and discussion. Together, they will identify the risks, if any, to Virginia Tech's sponsored funding, and determine the appropriate course of action to be taken by OSP to monitor the subaward(s) for compliance. OSP's monitoring plan will be put in writing and a copy filed in the subcontractor's folder found in the EFD in the Subcontracts directory, and a hard copy will be filed in each active subaward file for that subcontract.
- d. The Post-Award Associate(s) (if finding is discovered after subaward set-up) or Subcontract Administrator (if finding is discovered before subaward set-up) will notify the Virginia Tech principal investigator(s) and the applicable department business manager(s) about the audit findings and what action will be taken by OSP to monitor the subaward(s). If additional action is required on the part of the principal investigator(s) in monitoring the subaward(s), that action will be included in OSP's written monitoring plan.
- e. The Post-Award Associate(s) will notify the subcontractor in writing of the action to be taken by Virginia Tech to monitor the subaward(s) more closely for compliance. A copy of the monitoring plan will be kept in the Post-Award Associate's subaward file. If it is

necessary to modify the subaward terms and conditions, the Post-Award Associate will coordinate with the Subcontract Administrator and the principal investigator to negotiate the modification with the subcontractor.

- f. The Subcontract Administrator will update the notes for the subcontractor in OSP's Subcontractor Database to reflect the implementation of the special monitoring plan, and will update the notes whenever there is a change in the plan.
- g. The Post Award Associate(s) will implement the special monitoring plan. The Compliance Team will periodically follow up with the Post Award Associate(s) on its status and to check whether the monitoring plan is effective or needs modification.
- h. When the subcontractor notifies OSP that the audit findings have been satisfactorily resolved, then the Post-Award Associate(s), the Subcontract Administrator and the Compliance Team will determine whether the monitoring plan will be continued, modified or terminated. The Post-Award Associate will notify the principal investigator and the subcontractor of the decision in writing.

5. SUBAWARD MODIFICATIONS

During the life of a sponsored project, it may become necessary to change or modify the associated subaward. In most cases, the only required changes to a subaward will be with respect to the period of performance and/or adding additional funding (e.g., VT receives an increment of funding from the sponsor).

When Post Award receives a request to modify a subaward, or receives additional funding from the sponsor, the Post Award Associate will:

- a. Obtain appropriate approvals from the sponsor and PI as necessary.
- b. Complete the form **Request to Amend/Modify a Subaward** (at Appendix J) and obtain all pertinent documents as identified on the form.
- c. Pull the subaward file and attach the above form with all pertinent documents and pass the file to the Subcontract Administrator.

The Subcontract Administrator will prepare the modification, obtain signature from the Vice President for Sponsored Programs Administration or duly appointed signatory, update the Subcontract Database as required, and send the partially executed modification to the subcontractor, the PI, and the Post Award Associate requesting the subcontract to review the modification and if acceptable have the modification signed by an authorized official and return a fully executed modification to the Post Award Associate. In accordance with Virginia Tech's

Standard Terms and Conditions, Virginia Tech may elect to issue the following types of modifications unilaterally.

- a. Changes in key personnel when Subcontractor submits a written request for change.
- b. Revisions to the project budget when Subcontractor submits a written request.
- c. Changes to administrative information.
- d. Planned incremental funding actions.
- e. Extension of the project end date.

A subcontractor may reject the unilateral modification by providing written notice of exceptions within 30 days after receipt. If the subcontractor objects to a unilateral modification, negotiations will take place in order to reach an acceptable solution.

Based on the FDP Cost Reimbursement Research Subaward Agreement, non-substantive changes to the period of performance may be unilaterally issued. Unilateral modifications shall be considered valid 14 days after receipt unless otherwise indicated by the subrecipient. All other substantive changes will be executed bilaterally.

If the modification is a change in funding (increase or decrease), the Subcontract Administrator will send an encumbrance memorandum to Debbie Howery, OSP Finance Team. Once the funds are encumbered, the Subaward Payment Record will be updated accordingly.

When processing a modification to a subaward, the Subcontract Administrator will work closely with the Post Award Associate to ensure compliance with the sponsor and the prime award.

6. TRANSFERRING A SUBCONTRACT

The process of transferring a subcontract from one institution to another is not a simple task and requires negotiations between the sponsoring agency, the losing institution and the gaining institution. The arrangements are made by the two Sponsored Programs Offices in consultation with the PI and his/her department at both the losing and gaining institution. Matters of concern are the form of transfer, determination of the unobligated balance, differences in Facilities and Administrative (F&A) rates and the funding gaps created by the time required to closeout and re-issue the project. The transfer process can take several months depending on the complexity of the project being transferred and the number of parties involved.

Remember: Grants are awarded to institutions, not individuals; therefore the grantee institution must “relinquish” the grant. The sponsor must approve all grant transfers from one organization to another.

A transfer can be required when:

- a. The subcontractor's PI transfers to another institution and the subcontractor agrees to let their PI transfer the subcontract to the new institution.
- b. A VT PI transfers to another institution and the project remains at Virginia Tech; however, a portion of the award will be transferred to the new institution through a subcontract.

Procedures for Transfers:

Subcontract is transferred from one institution to another institution:

- a. OSP will determine the funds available for transfer – the unobligated balance. This will require working with the losing subcontractor's financial contact to obtain a final invoice.
- b. The Virginia Tech budget must be revised to include a subcontract and F&A cost issues must be negotiated by OSP.
- c. Using the figure provided by Virginia Tech, a subcontract proposal must be prepared by the departing PI's new institution and submitted to Virginia Tech.
- d. The subcontract and new budget must be approved by the sponsor.

VT PI transfers - The award stays at Virginia Tech which continues to receive funding directly from the sponsor and a portion of the work is transferred to the PI's new institution using a subcontract.

- a. The sponsor must approve a new Virginia Tech PI.
- b. The Virginia Tech budget must be revised to include a subcontract and F&A cost issues must be negotiated by OSP.
- c. Using the figure provided by Virginia Tech, a subcontract proposal must be prepared by the departing PI's new institution and submitted to Virginia Tech.
- d. The subcontract and new budget must be approved by the sponsor.
- e. When approval is received, OSP will issue the subcontract.

7. SUBAWARD INVOICING

It is the policy of Virginia Tech to provide the monitoring required by the federal regulations and to ensure good stewardship of sponsored projects. Virginia Tech ensures review of all subcontractor invoices for allowability and proper compliance. Prior to the payment of subrecipient invoices, a review is conducted and an approval is obtained from the PI.

When reviewing and processing subaward invoices, the Post Award Associate should reference the ***HokieMart Subcontract Procedures*** document (Appendix K), which outlines detailed instructions for paying invoices.

8. SUBAWARD CLOSEOUT

A subaward is closed out when its period of performance comes to an end, regardless of whether Virginia Tech's research project is ending or continuing. When feasible, it is advisable for a subaward period of performance to be slightly shorter than Virginia Tech's, to allow sufficient time for collection and review of the subcontractor's final report, verification of subcontractor data, and incorporation of the subcontractor's research results into Virginia Tech's final technical report to the sponsor. However, the PI is responsible for establishing the subcontractor's period of performance within the parameters of our award.

- a. Final Technical Reports – If required, the PI is responsible for obtaining a final technical report from their subcontractors, and retaining a copy in their project file. The PI is encouraged to remind subcontractors of this need well in advance of the due date for such reports.
- b. Other Closeout Reports And Documents - Other final reports, including property reports, patent reports, small/small disadvantaged business reports, and Assignment and Release documents may be required. The PI and department may be asked to assist OSP in obtaining the necessary closeout reports in a timely manner from the subcontractor.
- c. Final Invoice - In order for Virginia Tech to comply with its financial report requirements, subcontractors are required to submit a final invoice, clearly marked FINAL to Virginia Tech no later than 45 days after the end of the subcontractor's period of performance, or such other date as may be specified in the subaward. In the event no invoice is received 45 days after the end of a subaward, Virginia Tech may treat the subcontractor's last invoice as the final invoice. Payment for subcontractor invoices submitted to Virginia Tech later than 45 days after the end of the subaward may not, at the discretion of the Director of Post Award, be paid. The PI and department are responsible for assisting OSP in obtaining final closeout information, including invoices, from their subcontractors.