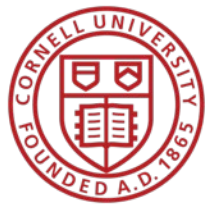




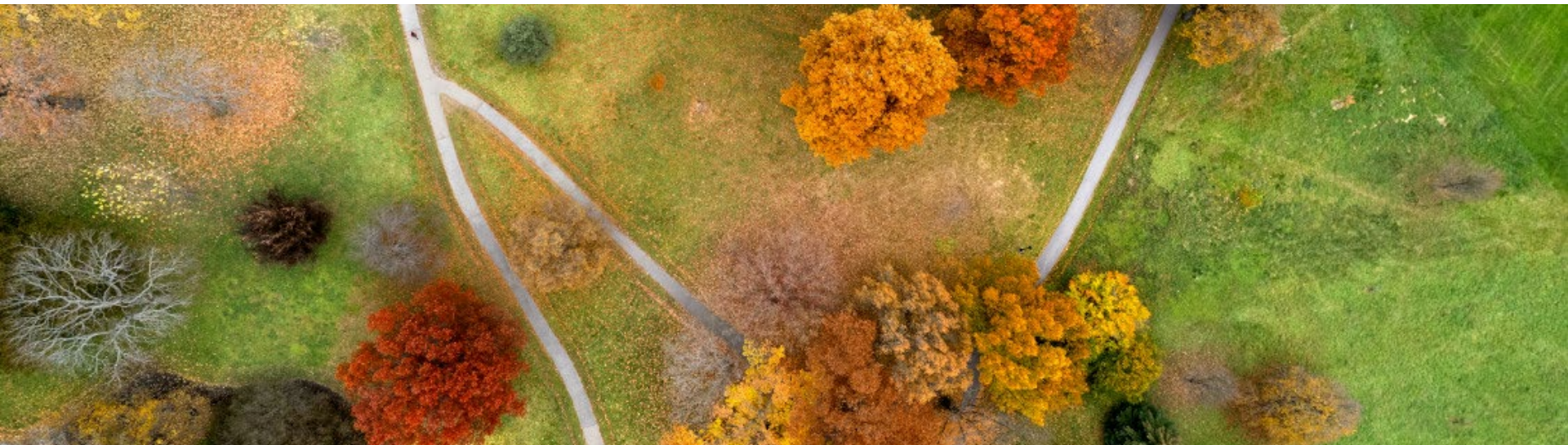
Subawards: Post Award Financial

Sponsored Financial Services





General Overview



Subaward

- *Per Uniform Guidance (Federal Regulations):*
 - *Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award received by the pass-through entity. It does not include payments to a contractor, beneficiary, or participant. A subaward may be provided through any form of legal agreement consistent with criteria in with § 200.331, including an agreement the pass-through entity considers a contract.

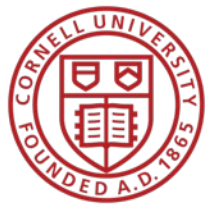
Subaward

- Subrecipient performs a substantive portion of the scope of work
- Collaborations such as this are generally defined at the earliest stage of the project and incorporated into the proposal
- A subaward must be approved by the sponsor unless specifically waived in the agreement
- Subaward agreements (e.g., subcontracts, subgrants) are established by the Office of Sponsored Programs (OSP) based on a request submitted by the unit via the Research Administration Support System (RASS).

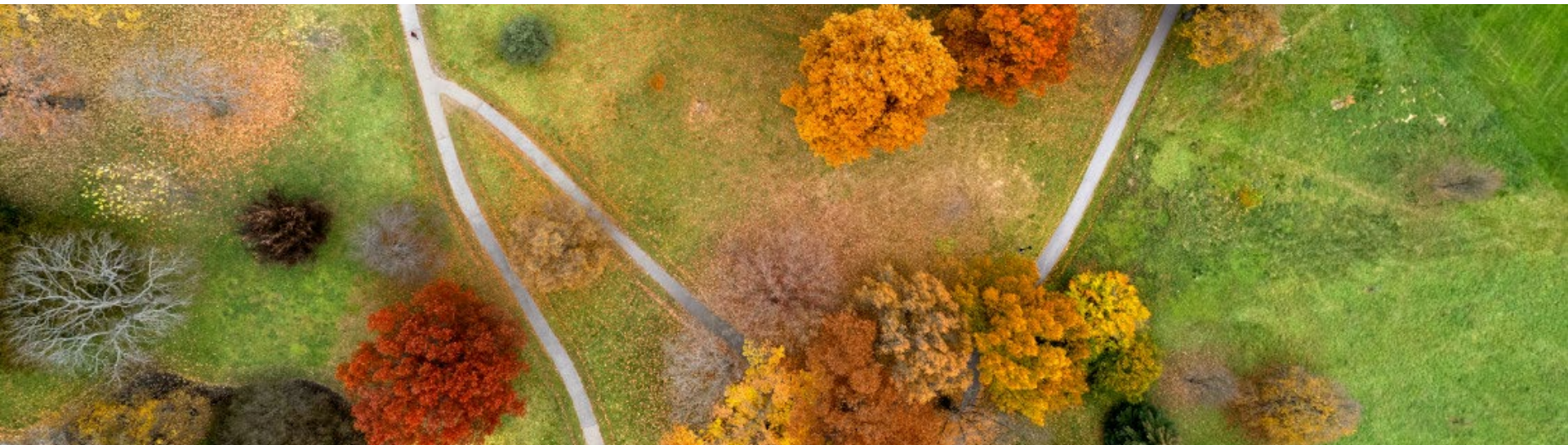
Subrecipient versus Contractor (Vendor)

Outlined in Uniform Guidance §200.331

- Characteristics of a subrecipient include:
 - Performance is measured by project objectives;
 - Responsible for programmatic decisions;
 - Responsible for adherence to program requirements.
- This is different from a consultant, or vendor, relationship.
 - A vendor provides goods/services as part of their normal business operations and is ancillary to the project;
 - A vendor operates in competitive environment.



Subaward Agreement



Subaward Agreement

- OSP notifies the Principal Investigator (PI), the department contacts, and Sponsored Financial Services (SFS) once the subaward agreement is fully executed and whenever the agreement is modified.
 - Notification occurs via email once the agreement is fully executed and distributed
- Additional funding increments or subaward modifications are initiated by the unit through a Subaward Amendment Request in RASS
 - The request is submitted by the project's administrative support team
 - Fully executed subaward modifications are distributed in the same manner as the initial agreement

Subaward Agreement Terms and Conditions

- Generally, the pass-through entity flows down to the subrecipient the terms and conditions of the prime award
 - Cornell considers flexibilities available to us should flow to our subrecipient. That may not be the case for subaward agreements that Cornell *receives* a subrecipient
 - Additional restrictions may apply, as indicated in the terms of the agreement
- Terms and Conditions may include:
 - Cost allowability
 - Prior approval requirements
 - Required invoicing/deliverables

Subaward Budget

- The subaward budget should contain cost categorization at the same level of detail requested by the prime award.
- The subrecipient's approved indirect cost (IDC) rate will be included in their approved budget.
 - If the subrecipient does not have a federally approved indirect rate, a de minimis rate of up to 15 percent of modified total direct costs (MTDC) may be considered and included in their budget.
- The budget includes any cost share obligation, if required

Subaward Deliverables

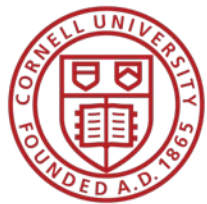
- Subaward deliverables need to align with the requirements of the project
 - Discuss with the Principal Investigator (PI) the deliverable expectations
 - Frequency, format, etc.
 - Don't simply add annual deliverables if that does not align with the project needs
 - Ensure that deliverable requirements are outlined clearly
 - If outlined in agreement, ensure the subrecipient is submitting as required
 - Be cautious of adding additional deliverables, including additional programmatic reporting requirements. Again, if a deliverable is required per the agreement, it is required.

Subaward Deliverables

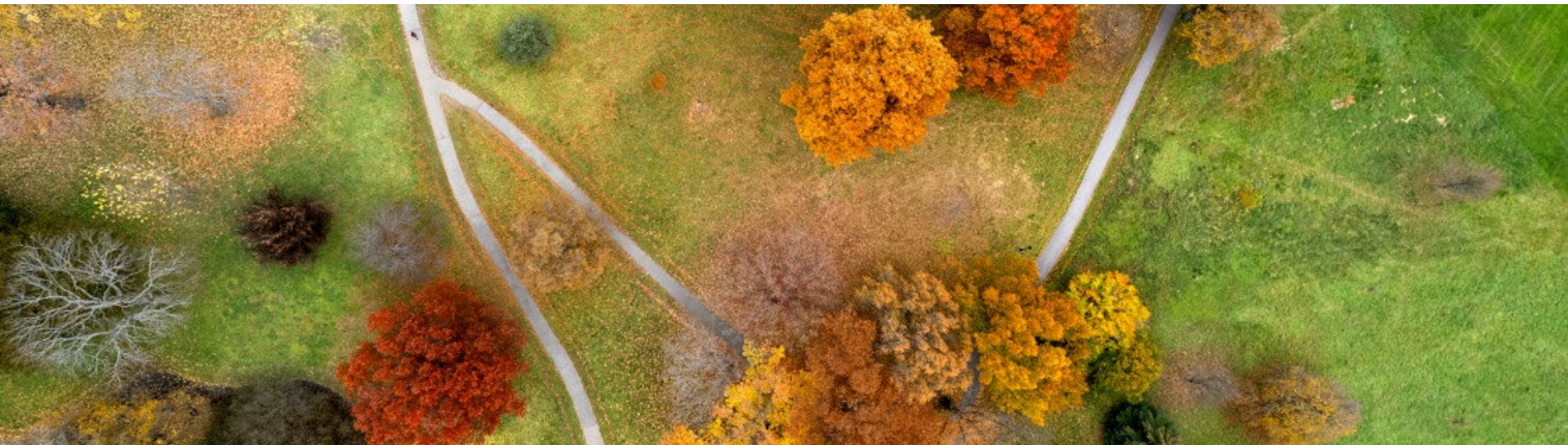
- Reminders for subaward deliverables are email notifications to the PI/department contacts
 - The unit/department contact is the primary contact for the subrecipient
 - Following up on outstanding deliverables, including the final invoice, is supported by the PI/department
 - Check within your team to ensure that there is an assignment of this responsibility – don't assume someone else will take care of it.
- Escalation for non-compliance may be required
 - For Cornell to complete the prime deliverables timely, the PI relies on the subrecipient's submission. If the subrecipient is not in compliance, Cornell is likely not in compliance
 - Reach out to the OSP subaward team or SFS for further guidance if all other escalation methods have yet to resolve the issue.

Subaward Invoicing

- Invoicing is outlined in the agreement terms and conditions
 - Agencies monitor financial activity and subawards generally represent a significant funding component. Routine invoicing is important.
 - Unit should ensure timely invoicing, especially for Department of Defense projects
 - Department of Defense incrementally funds projects, if there are no invoices, they may determine the project does not need the funding
 - If you are not seeing routine invoicing, it's important to follow up
 - Cost share, if required, needs to be incorporated into the invoice
- Invoice reviews are required per : Research Services



Subaward Accounting



Subaward Distribution

- Upon distribution of a new subaward agreement, Sponsored Financial Services (SFS) will establish a sub-account in Kuali Financial System (KFS) and record the obligated budget to the general ledger
 - If a project related account is used instead of a sub-account, the account will be initiated by the unit, and SFS will record the budget once the account is approved
 - Functional classification of a subaward account should be the Organized Research – Subcontracts, Public Service – Subcontracts
 - The use of an account (vs. sub-account) is determined by the unit/project team
- SFS will record incremental authorizations once the subaward modification is distributed by OSP. If a subaward account is used, the expiration date will be updated by SFS if the modification extends the project

Accounting for Subawards

- A KFS sub-account (or alternatively, a project related account) must be established for each subaward.
 - This ensures that funds authorized for the subaward agreement is monitored as invoices are submitted.
- The sub-account will reflect the subrecipient's current obligated (i.e. authorized) budget plus Cornell's associated indirect costs.
- Cornell's IDC rate assessed on subaward expenses is generally the rate charged to the main award account

Cornell's assessment of Indirect on Subaward

- The prime agreement/funding determines the level of indirect expenses that can be assessed on the project expenses
- Modified Total Direct Costs (MTDC): IDC assessed on subaward expenses up to \$25,000
- Total Direct Costs (TDC): IDC assessed on total subaward expenses
- Other: Agency/funding may restrict Cornell's assessment of indirect
 - Examples of possible restrictions:
 - If there is a subcontract, proposers must split overhead costs with the subcontractor institution, with total overhead not to exceed 20 percent of direct project costs.
 - When IDC for the recipient and all sub-awardees are totaled, they must not exceed 30% of the Total Federal Funds Awarded (TFFA).

How can I identify a subaward?

- Naming convention identifies the subaward/subcontract

S/C OSP#-Subaward ID Subrecipient

For Example: S/C 104651-78569 Univ Calif Santa Barbara

- S/C = Subcontract
- This convention is reflected in a sub-account name or the project related account's name
- The Cornell IDC rate assessed will be reflected in the account or sub-account indirect cost rate attributes

Reviewing Subaward Invoices

- A subaward invoice must not be processed on a project that does not have a fully executed subaward agreement in place
- A subrecipient should not invoice for activity prior to the issuance of a subaward, and no invoices are to be paid prior to the issuance of a subaward or amendment for additional funds
- A subrecipient must not invoice for activity beyond the current obligated budget or obligated end date
- If you've received an invoice that is outside of the period of performance or current obligation, a subaward modification may be required or a revised invoice may be needed
 - Review and submit a Subaward Amendment Request, if applicable
 - Request confirmation or a revised invoice from the subrecipient



Obligated Budget Period and Amount

- RASS: Subaward Details

Subaward Project Dates	Subaward Total Budget
06/24/2023 - 06/23/2025	\$120,000.00

Award Events/Actions

collapse rows  | expand rows 

Action	Award Event Type	Obligated End Date	Obligated Total	Anticipated Total Award
 1	New Subaward	06/23/2024	\$80,000.00	\$120,000.00
 2	Funding Increase	06/23/2025	\$120,000.00	\$120,000.00

Obligated Budget Period and Amount

- RASS: Subaward Details

Subaward Project Dates	Subaward Total Budget
06/24/2023 - 06/23/2025	\$120,000.00

Total Obligated	\$120,000.00
Projected Additional Funding	\$0.00
Anticipated Total Award	\$120,000.00
Total Committed Cost Share	\$5,652.00

Reviewing Subaward Invoices: Cost reimbursable

- The subaward agreement will identify the invoicing requirements
- It is important that invoices from the subrecipient reflect:
 - Current and cumulative expenses by budgeted cost category;
 - Current and cumulative expenses related to cost share, if applicable;
 - A certification statement by an authorized official of the Subrecipient;
 - Itemization or transaction detail as required by the agreement, if applicable

Reviewing Subaward Invoices: Fixed Price Subawards

- There are some subawards on a fixed price basis. In these cases, we have provided an additional certification that can be found in our template invoice.
- I further certify:
 - ___ All milestones for which payment has been requested has been completed in accordance with the agreement and scope of work
 - ___ There has been no change in the scope of work
 - ___ There has been no change in the level of participation by the key personnel
 - ___ All required cost sharing has been met or is on schedule to be met in accordance with the project.
 - ___ There is no anticipated need for fund for completion of the project beyond those contemplated in the agreement.

Reviewing Subaward Invoices: Cost Share

- The subaward agreement will identify cost sharing requirements
 - RASS: Subaward Details
- Invoice needs to routinely include cost share
- The unit/PI need to monitor cost sharing throughout period of performance

Total Obligated	\$120,000.00
Projected Additional Funding	\$0.00
Anticipated Total Award	\$120,000.00
Total Committed Cost Share	\$5,652.00

Reviewing Subaward Invoices: Advance

- The subaward agreement will identify approval for an advance payment
 - A subaward advance is requested by the unit/PI and submitted to OSPs subaward team.
 - The subaward team and SFS will review the request and, if approved, integrate the advance in the agreement
 - Since this is rare, the PI/project team should be aware and review invoices to ensure the advanced funds are accounted for
- The subaward invoice needs to reflect the balance of advanced funds
- The final invoice needs to reflect the offset for that advance payment
 - Do not approve payment for an amount greater than the obligated budget

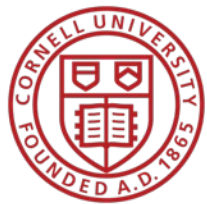
Submitting Invoices for Payment

- The subaward invoice submitted for payment indicates the PI's approval of the work performed to date.
- Payments for subaward invoices must be made within 30 days from date of receipt by Cornell unless the invoice is believed to be improper.
 - If processing the invoice is delayed, the reason for the delay should be documented, which can be a note on the financial document or an attachment.
- Subaward payments are processed via a Disbursement Voucher (DV) eDoc using Payment Reason L (Payments for Contractual Agreements).
 - Must use appropriate object codes regardless of indirect costs recovered.
 - 6660: Services, Spons Subs \$25K and under
 - 6650: Services, Spons Subs over \$25

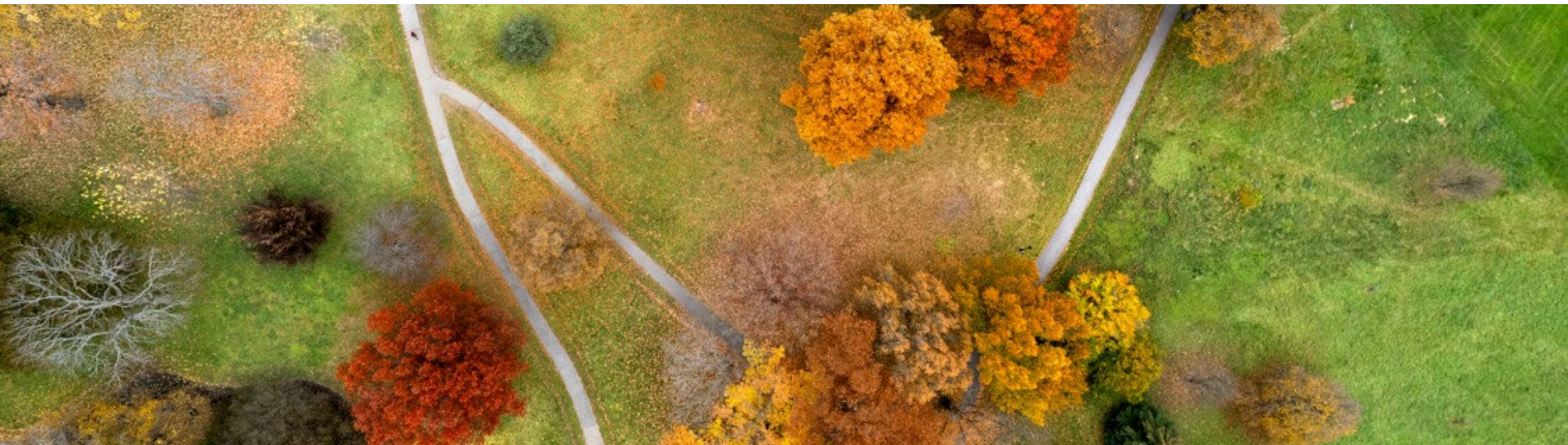
Submitting Invoices for Payment

- Confirm the general ledger (GL) expenses to ensure the cumulative expenses align with the invoiced costs.
- Sponsored Financial Activity
 - Project Summary
 - By Account or Sub-account
- Expenses posted in the GL plus the current expenses invoiced should total the cumulative expenses incurred.
 - If it does not, check pending entries or confirm the invoices received to-date

CG Reporting Description	Object Cd And Name	To Date Budget	Period Expense	To Date Expense	To Date Budget Balance
Subcontracts	6650 - Services-Spons Subs over \$25K	108,758.00	0.00	29,088.16	79,669.84
	6660 - Services-Spons Subs \$25K and under	25,000.00	0.00	25,000.00	0.00
Indirect Expenses	9070 - F&A Recovery - Expense	14,250.00	0.00	14,250.00	0.00



Subaward Common Issues/Questions



Reviewing Subaward Invoices

- If you receive a subaward invoice presenting cumulative expenses for the total authorized budget, (i.e., invoiced in full)
 - This may be the final invoice and if so, all aspects for processing a final invoice should be addressed
 - Invoice marked final / **all** final deliverables received and logged in RASS
 - If an increment / extension is expected:
 - The project team should indicate that upon submission of the invoice for payment
 - RASS should indicate that through the subaward project period, projected funding (RASS subaward details) or a current subaward amendment request

Reviewing Subaward Invoices

- It is an exception to process a final invoice prior to completion of the scope of work and receipt of final deliverables.
 - Standard OSP Subaward Agreement Terms (generally, non-federal funds): The final payment under this Agreement shall be made upon receipt by Cornell of all services, reports and/or supplies called for hereunder. In other words, all deliverables have been received
 - There are significant implications for paying for all work but not receiving the final deliverables.
- Consult SFS for further guidance if you feel payment of this invoice is deemed necessary to further the project's objectives even if the deliverables are not received.

Incrementally Funded Projects

- When projects are incrementally funded, particularly those with carryforward restrictions, it is important to receive and process all subaward invoices through the current budget period
 - Ensure all subaward invoices for the budget period are received and processed for payment
 - Communicate with the SFS contact any invoices received and approved that are not yet processed in the GL so the expenses can be reflected properly in the financial report
- Carryforward restrictions may apply to the prime funding, which may also apply to the subaward
 - Need to report budget period expenses
 - Need to report the unobligated budget balance for any carryforward requests

Subaward Terms and Conditions

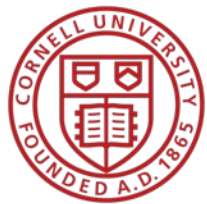
- The terms of the subaward agreement, including all flow-down terms, prevail
 - Confirm the agreement language surrounding the budget revision or prior approval requirements in the subaward agreement
- Budget revisions:
 - Oftentimes, questions arise as to whether the subrecipient can revise their budget.
 - Remember, Cornell strives to flow down the prime agreement terms
 - If Cornell has rebudget flexibility, that will generally apply
- Prior approval requirements:
 - Cornell's subaward team should receive approval requests from the subrecipient. At times, formal approval is not necessary.
 - The subaward team will assess the request to determine if the request should be submitted to the funding agency

Subaward Terms and Conditions

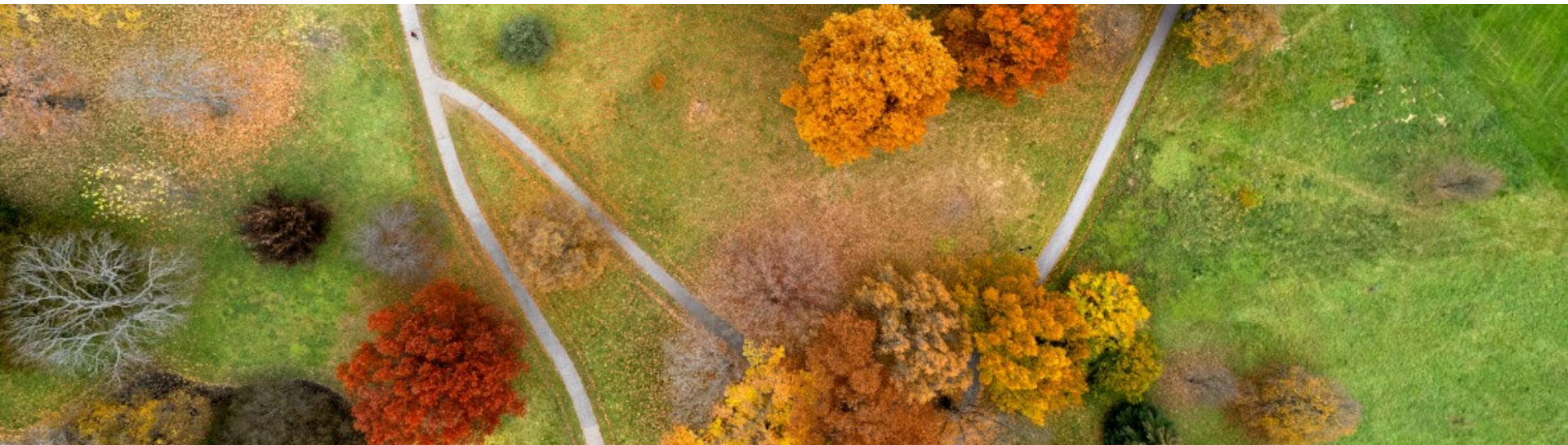
- The Cornell PI will assess the subrecipient's request to determine if it can be supported
 - If formal prime agency approval is required, the request will be submitted to the agency through the Grant & Contract Officer (GCO)
 - Once formal approval is provided, that will be communicated to the subrecipient
 - This may be a formal modification or an email confirmation of the approval
 - If formal prime agency approval is not required, the PI will communicate the determination of the subrecipient's request.

Subaward Status

- The unit indicates the requirement to initiate and modify a subaward through actions in RASS
- Account/sub-account budget status:
 - Review RASS to determine the status of the subaward agreement
 - Once the subaward or modification is distributed, the budget will be recorded to the GL
 - If the subaward agreement/modification is not finalized, feel free to follow up with the subaward team in OSP or review last action comments.
 - If the subaward / modification is finalized, contact SFS
- Subaward account expiration date:
 - Same process as above for the budget



Subaward Advance



Subaward Advance:

Occasionally, Cornell partners with smaller entities that do not have working capital (funds) to begin the activities. In those cases, a request for an advance to provide the funds to start work may be considered. These requests are exceptions and should not be considered general practice.

- Advance payments are generally not supported because:
 - Sponsor guidelines typically state that subrecipients are reimbursed for expenses incurred for performing the work.
 - Cornell does not usually receive advance funding from its sponsors, therefore as a matter of practice, Cornell does not advance funds to a subrecipient.
 - Prepaying an award reduces the university's leverage for ensuring that the scope of work is delivered, therefore it is considered poor fiscal management to advance funds to a subrecipient.

Subaward Advance

- The unit will submit a request for a subrecipient advance payment to the subaward team in OSP. They will work with SFS and if approved, the advance will be integrated into the subaward agreement
 - Advances will be considered only in very unusual circumstances and on a case-by-case basis.
 - The financial risk of the advance payment is the responsibility of the PI/department/college
- Advance payment terms are written into the subaward agreement, and the advance payment is issued after a fully executed subaward agreement is in place and an invoice received
 - The terms of the agreement will outline the advance payment

Subaward Advance:

- Example agreement language:

g) Subrecipient is permitted to request a one-time advanced payment in an amount not to exceed **\$37,521.00 USD** via an invoice consistent with the requirements of this Section 7. Subrecipient agrees to maintain compliance with Section 7 of this Agreement, and advanced funds may not exceed the obligated contract value noted in Section 4. The balance of the advanced funds shall be reconciled on each expense report submission.

Subaward Advance:

- The invoice for the advance should be recorded on the prepaid object code and recorded to the account or sub-account for the subaward
 - A subaward advance is a prepaid: 1610 - Prepaid Expense/Deferred Charges
- An agency may permit Cornell to invoice for the subaward advance.
 - This will be approved by SFS and the department will be notified to use the below object codes.
 - 6661: Svc-Advance SponsSub up to \$25K
 - 6651: Svc-Advance SponsSub over \$25K
- If you've not received a notification to use 6661/6651, the advance is to be recorded on prepaid object code, 1610.

Subaward Advance:

- Initial payment and offsets to advance can be recorded on the Disbursement Voucher
 - A positive accounting line item will increase the prepaid
 - A negative accounting line will reduce the prepaid amount
- To clear (or offset) the prepaid, a Distribution of Income / Expense document is used

Subaward Advance:

- Disbursement Voucher:
 - To pay the initial advance, use 1610 for the payment

1610	45,207.00
Prepaid Expense & ...	
	TOTAL: 45,207.00

- To offset the advance balance and reduce the payment to the subrecipient

6650	158,682.04
.. Services-Spons Sub...	
1610	(50,000.00)
.. Prepaid Expense & ...	
	TOTAL: 108,682.04

Subaward Advance:

- To reduce the subaward advance
- Distribution of Income/Expense document:
 - From: Prepaid
 - To: Subaward Expense

1610	1,393.11
Prepaid Expense & Def...	
<hr/>	
1610	49,050.00
Prepaid Expense & Def...	
<hr/>	
TOTAL:	50,443.11

* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	* AMOUNT
				0.00
<hr/>				
6650				50,443.11
Services-Spons Subs ...				

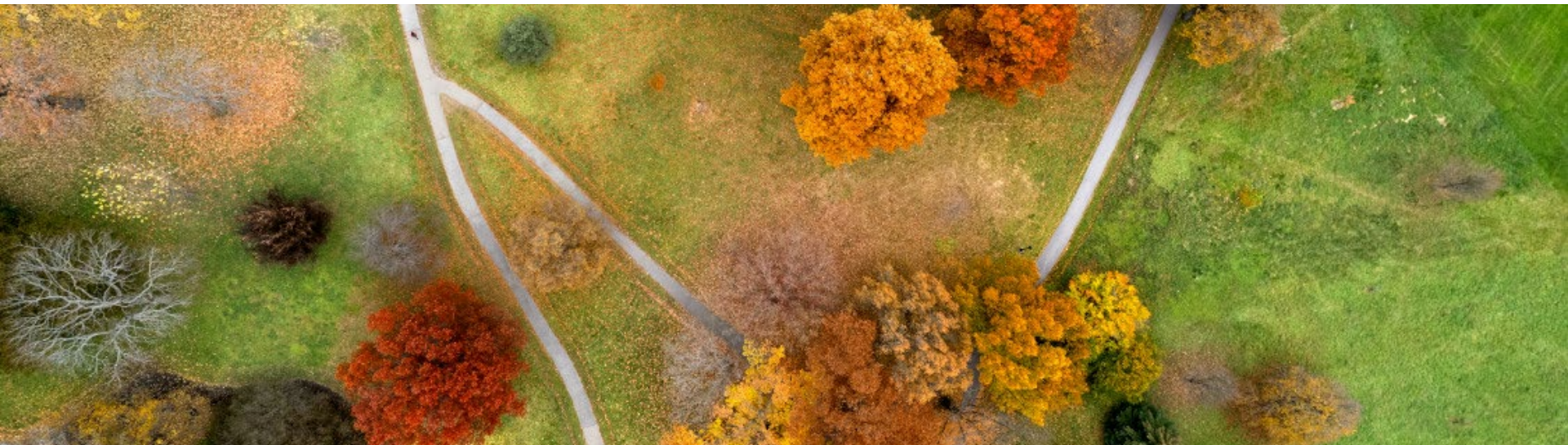
Subaward Advance:

- Confirm general ledger balance for the outstanding asset - 1610
- Sponsored Financial Activity
 - Project Summary
 - Outstanding Assets/Liability
 - By Account or Sub-account
- If advance is on 6661/6651:
 - Project Summary
 - Budget to Actual shows cumulative activity
 - These object codes will report as an expense

Object Cd And Name	ITD Asset/ Debit
1610 - Prepaid Expense & Deferred Charges	37,521.00
	37,521.00



Subaward Monitoring

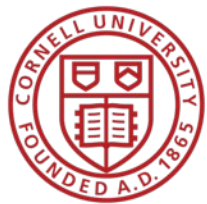


Subaward Monitoring

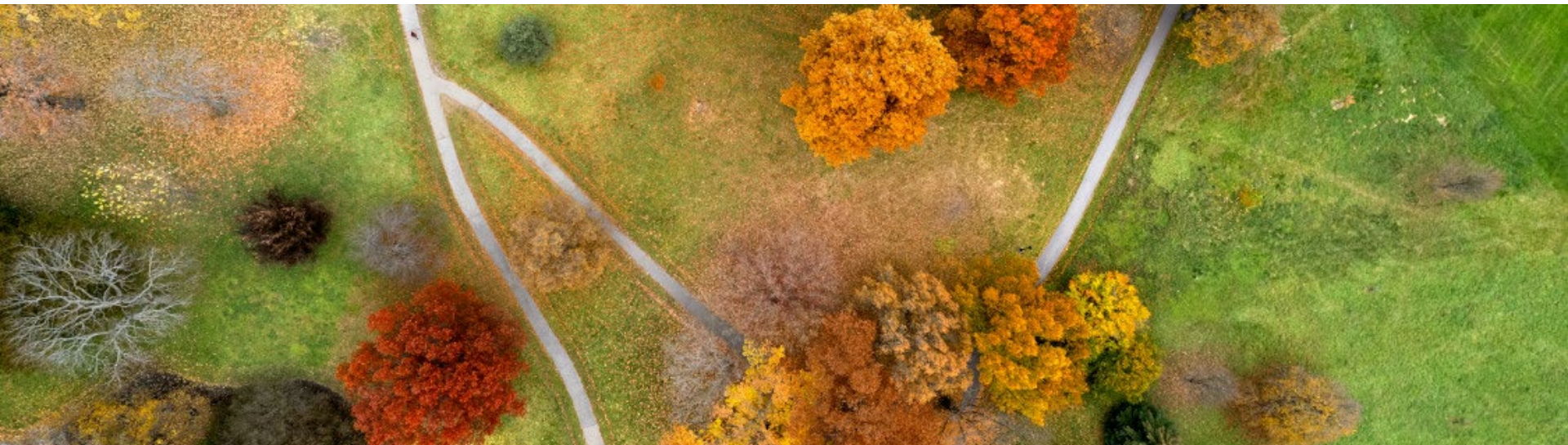
- The PI, Unit, OSP and SFS share responsibility for subrecipient monitoring.
- The level of monitoring required is detailed at <https://researchservices.cornell.edu/resources/subrecipient-monitoring-financial-and-technical>
- The Unit and/or PI responsibilities include reviewing technical and financial progress prior to approving each invoice.
 - The level of review may be determined by the risk level of the subrecipient.
 - PI delegation of the technical progress monitoring must be documented with the invoice
- Central responsibilities include review of audit reports and routine review of compliance with agreement's financial terms and conditions.

Elevated Risk:

- A subrecipient will be deemed “elevated risk” if it is determined that they lack essential controls and thus pose an increased risk for non-compliance with technical or administrative requirements of the award.
- Requirements for monitoring elevated risk is outlined in the notification and at Payments to Subrecipients on Sponsored Projects. All documentation to support the subrecipient invoices must be received, reviewed, and attached to the disbursement voucher in Kuali Financial System (KFS)
- The RASS record will reflect an elevated risk subrecipient
 - Additionally, the PI and department will be notified of elevated monitoring requirements that must be followed.



Subaward Closeout



Subaward Closeout: Deliverables

- Responsibilities:
 - The unit/PI obtains and logs the date received into the RASS application
 - Patent / Invention Certification
 - Final Property
 - Final Technical
 - The unit/PI obtains and submits for payment:
 - Final Invoice
 - SFS will review final invoice and log the final deliverable once approved
- Remember: Cornell is not compliant unless the subrecipient is compliant

Subaward Closeout

- The subrecipient’s final invoice should be marked “Final.” especially if there is an unobligated budget balance
- Do not submit the final invoice until all activity is complete, all other deliverables are received and logged in RASS (Subaward panel)
- Subaward record cannot be closed in RASS until all deliverables are received and logged
 - Don’t enter a date if not received
 - University retention is based on closeout

^ Deliverables

Before creating deliverables, make sure all of the anticipated periods have been setup in the subaward details.

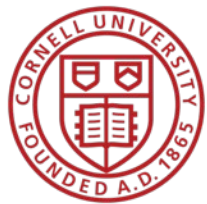
Filter by Type... ▾

collapse rows - | expand rows +

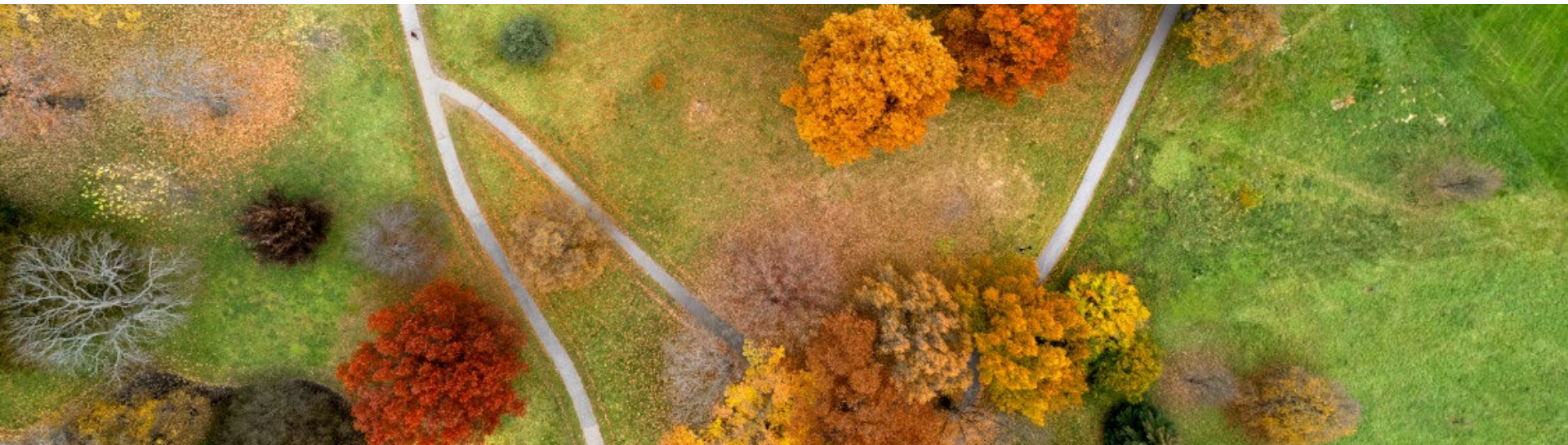
Type	Deliverable name	Prior/After	Event	Due Date
+ Subaward Technical/Management report	Subaward Annual Technical/Management report			08/15/2024
+ Subaward Financial report	Final Subaward Financial report			01/31/2025
+ Subaward Technical/Management report	Final Subaward Technical/Management report			01/31/2025
+ Subaward Technical/Management report	Final Subaward Technical/Management report			01/31/2025

Subaward Closeout

- Keep in mind that Cornell's PI may have different deliverable due dates.
- In many cases, the subaward agreement will indicate deliverable due dates that enable our PI to incorporate the subrecipient's information in the final prime agreement's deliverables.
- A subaward agreement closeout is not dependent on the prime agreement deliverables, but rather dependent on the subaward agreement's terms and conditions.
- A subaward can be closed at any time throughout the project. It's dependent on their scope of work.
 - If the subaward closes before the project, the unobligated budget will be returned to the control account
 - If the subaward closes at the same time as the project, remaining budget does not need to be returned to the control account. All accounts / sub-accounts will close at the same time.



Resources



Invoice Examples:

Sample Cost Reimbursable Invoice:

https://researchsupport.cornell.edu/sites/default/files/2019-06/Subcontract_Invoice_Sample_2016_08_15.xlsx

Sample: Fixed Price Subaward invoice:

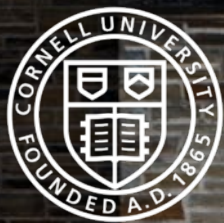
(https://researchservices.cornell.edu/sites/default/files/2024-07/Fixed_Price_Subcontract_Invoice_Sample_2023-11.xlsx)

Sample: Advance Subaward invoice:

Available upon request: Only used when approved

Questions

- There are many resources available if there are questions.
 - Refer to Agreement Terms & Conditions
 - Uniform Guidance - 2 CFR 200.1 Definitions, 331 Subrecipient determination, 332 Requirements for pass-through entities
 - Research Services website - Subaward Procedure
 - Subaward Frequently Asked Questions (FAQ)
 - RASS: Training: <https://guide.rass.cornell.edu/>
 - SFS Contacts: Subaward budgets
- Contact:
 - Sponsored Financial Services sfs-help@cornell.edu
 - Office of Sponsored Programs cu_subawards@cornell.edu



Thank You!

