

CALIFORNIA STATE UNIVERSITY, FRESNO FOUNDATION

Policy No. 2015

Sub-Recipient Policy

This policy is applicable to the following auxiliary corporations:

- Agricultural Foundation
- Association
- Associated Students, Inc.
- Athletic Corporation
- Foundation
- Programs for Children

REVISION RECORD

Date	Type	Approval Authority
6/11/15	Revision	Approved by Board of Governors
9/26/17	Revision	Approved by Board of Governors

DOCUMENT CONTROL

Document Control Number:
Policy 2015

Next Review Date:
February 2020

Responsible Position(s):


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Executive Director


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PURPOSE

The purpose of this policy is to set forth the manner in which the Foundation awards and subsequently monitors sub-recipient contracts.

STATEMENT OF POLICY

The Foundation is responsible for post-award administration of sponsored projects, including sub-awards. A sub-award is an agreement issued under a larger contract, agreement, or grant that authorizes a portion of the research or substantive effort to be performed by another individual or organization. The sub-award document outlines the rights and responsibilities of each party.

The Foundation's obligation to the sponsoring agency does not change if the sub-recipient has unsatisfactory progress or defaults. Therefore, if any problems arise in the performance of the sub-recipient, appropriate corrective action shall be taken.

During the grant/contract proposal stage, the Principal Investigator ("PI") shall determine whether a sub-award is necessary. If it is determined that a sub-award is needed, the PI shall submit the sub-award proposal (including the scope of work and deliverables for such sub-award) to the Division of Research and Graduate Studies (DRGS). The Division of Research and Graduate Studies (DRGS) shall review the sub-award proposal before submitting it to the sponsor for approval. The Foundation's PI shall be responsible for acting as the technical monitor of the sub-award and shall have oversight of the technical performance of the sub-recipient in order to ensure satisfactory performance and the submission of any required technical reports and/or project deliverables.

The Division of Research and Graduate Studies (DRGS) is responsible for ensuring that:

- The sub-recipient has reviewed, and approved the sub-award, and submitted for review any documents or materials related to the sub-award proposal and scope of work to be performed;
- The sub-award proposal and related documents and materials have been incorporated into the grant/contract proposal;
- The Foundation and the sub-recipient understand their respective roles;
- The budget is adequate to support the work to be sub-awarded; and
- The sub-recipient (or individual authorized to sign on behalf of the sub-recipient) has endorsed the sub-award proposal.
- The sub-recipient has its own policies to meet the requirements of the NIH and NSF Financial Conflict of Interest policies or follows the policies of the University/Foundation.

The sub-award commitment form shall be completed and forwarded to Post Award for their process in establishing the sub-award. If a sub-award is named on a final

sponsor-approved budget, and no other restrictions are listed on the award, the sub-award shall be considered approved. **(Note: Some state agencies require prior review and approval of sub-award document even if sub-recipient is named in the proposal.)**

If the PI determines there is a need to subcontract a portion of the work, but no sub-award was indicated in the initial proposal, the Post Award Analyst must secure written sponsor approval before a sub-award can be finalized. Prior sponsor approval protects the interests of both the California State University, Fresno Foundation ("Foundation") and the University. Without prior approval, the sponsor has no responsibility to reimburse the Foundation for sub-award costs incurred.

Upon selection of a sub-recipient, the Foundation shall negotiate, prepare, and finalize the sub-award agreement and coordinate all necessary arrangements. The Foundation is prohibited from contracting with or making sub-awards for covered transactions to parties or their principals that are suspended or debarred by any Federal department or agency. The following provides an overview of the process to be followed for subcontracting:

REGULATIONS

1. If a sub-award is named on the final sponsor approved budget, and no other restrictions are listed on the award, then the sub-award shall be considered approved. If not, prior sponsor approval in writing is required before a sub-award can be finalized. If necessary, a letter of intent may be issued to the sub-recipient which notes the sub-award's pending approval status and/or receipt of the prime grant award.
2. The PI shall contact his/her Post Award Analyst to start the process of issuing a sub-award.
3. The Post Award Analyst shall notify the Post Award Manager of the PI's intent to enter into a sub-award.
4. The Post Award Analyst/Assistant shall forward a Disclosure of Financial Interest in a Subcontractor form for the PI to complete and return. The Post Award Analyst/Assistant may also request the name of the sub-recipient's PI and an administrative contact if this information was not included in the sub-award proposal document.
5. The Post Award Analyst/Assistant shall determine if the proposed sub-recipient has current financial statements on file with the Foundation. If needed, the Post Award Analyst/Assistant shall request the financial statements from the sub-recipient. The Foundation's Post Award Manager

must review the financial statements of the proposed sub-recipient before a contract can be issued.

6. The Executive Director or his/her designee may require the sub-recipient to provide adequate insurance for their work and direct the Post Award Manager to not issue the sub-award until such time as the sub-recipient furnishes adequate certificates of insurance to the Foundation.
7. The Post Award Analyst/Assistant shall contact the PI to obtain/verify budget information, scope of work, and reports/deliverables that shall be required from the sub-recipient.
8. The Post Award Analyst/Assistant and Post Award Manager shall conduct a risk assessment of the sub-recipient utilizing the Sub-recipient Risk Assessment Worksheet.
9. The risk assessment includes, but is not limited to a review of financial statements and audit findings, size of sub-award, proposed scope of work, cost sharing requirements, and previous history with sub-recipient. The Post Award Manager or Director of Financial Services will identify high-risk sub-recipients and may impose additional requirements.
10. Foundation is responsible for sub-recipient monitoring in accordance with federal requirements, agreement terms and conditions, and Foundation policies and procedures. This includes, but is not limited to:
 - a. Reviewing sub-recipient invoices to ensure costs are allowable, allocable and reasonable and are appropriate for the approved budget and terms and conditions of the sub-award.
 - b. Ensuring the sub-recipient invoices are approved by the PI or his/her designee and submitted in a timely manner.
 - c. Requesting additional information or source documentation from sub-recipient if invoices contain costs that are questionable or insufficiently detailed.
 - d. Working with PIs to resolve any concerns reported. Resolution of significant concerns may involve the PI, Foundation and sub-recipient. Actions taken will be based on the individual situation and may include performing a desk audit, additional monitoring of sub-recipient's progress and follow-up action for non-compliance.
 - e. If non-compliance by the sub-recipient occurs and cannot be remedied, then Foundation may terminate the sub-award in accordance with 2 CFR 200.340 (Notification of termination requirement), which includes, but is not limited to notifying the Federal agency.

11. The Post Award Assistant shall prepare the sub-award agreement, utilizing our pre-approved templates. When preparing a sub-award involving federal funds, a clause will be included that requires the sub-recipient to certify as to their status of debarment or suspension. This certification will include the entity and any of its principals. Generally, the Foundation will accept the subcontractor's certification, by signature on a contract document or by providing the goods or services under a Purchase Order, as indication that the sub-recipient is in good standing as are any of its covered principals.
12. In preparing a sub-award agreement that involves federal funds, the Post Award Assistant will include provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), consisting of the required federal data elements.
13. The Post Award Assistant will forward the sub-award to the Post Award Analyst for review and then to the Post Award Manager for review.
14. After reviewing the sub-award, the Post Award Manager shall forward the sub-award to the Director of Financial Services for review.
15. After reviewing the sub-award, the Director of Financial Services shall return the sub-award to the Post Award Manager.
16. The Post Award Manager or designee shall forward the draft sub-award to the sub-recipient for review.
17. If the sub-recipient requests modifications to the sub-award, the Post Award Analyst/Assistant shall work with the sub-recipient and Staff Counsel on the request for modification. The modified sub-award shall again be routed through the process for review.
18. The final sub-award is forwarded to the sub-recipient for review and signature.
19. Upon receiving the partially executed agreement, the sub-award is forwarded to Staff Counsel for review and for authorization by the Executive Director.
20. Staff Counsel then forwards to Post Award Analyst/Assistant to route for any additional authorized signatures to fully execute agreement.
21. Once the sub-award is fully executed, the Post Award Analyst/Assistant shall encumber the funds and provide a copy of the fully executed agreement and purchase order to the sub-recipient.

22. The sub-recipient shall submit monthly invoices directly to the Foundation's Post Award Analyst. The Post Award Analyst shall forward the invoice to the PI for review and approval. The PI shall then return the approved payment authorization to the Post Award Analyst for final signature. The PI shall notify the Post Award Analyst of any concerns with the progress or deliverables associated with the sub-award. Approval of the invoices may be held at the PI's request pending satisfactory performance. The Post Award Analyst shall review the sub-recipient's invoice/financial report as part of the approval process. Upon final approval, the payment authorization shall be forwarded to Purchasing/Accounts Payable for processing.
23. The Post Award Analyst shall be responsible for all correspondence with the sub-recipient in order to ensure that compliance issues are met and that reporting and invoicing is in accordance with the agreement. The Post Award Analyst shall monitor the sub-award in a manner consistent with that of the original award. This monitoring shall include such tasks as reviewing requests by the sub-recipient for budget adjustments, supplements and no cost extensions. The Post Award Analyst shall also handle any issues which may arise in the course of the invoicing process.
24. If a sub-recipient included cost sharing in their proposal budget they are required to provide documentation. Cost sharing is often clearly defined in the sub-recipient budget but can also be included in the scope of work, budget justification or letters of support included with the proposal. If the Foundation is required to document cost sharing on monthly invoices, quarterly reports, etc. the sub-recipient should be required to submit documentation at specified dates so the Foundation is able to meet its obligation to the sponsor.
25. The Post Award Manager shall forward an audit certification form (if applicable) to be completed by each sub-recipient at the end of each fiscal year. Once returned, the completed audit certification forms will be reviewed for compliance.

IMPLEMENTATION

The Associate Vice President for Auxiliary Operations and Enterprise Development or his/her designee, in accordance with the applicable auxiliary corporation Management Services Agreement, has the authority to implement this policy.