Set Up Subawards

A subaward (subcontract) is an agreement that uses sponsored project funding to engage a collaborating institution or agency outside of UCSF to perform a specified scope of work. The scope of work may or may not include deliverables. The Subaward Team is responsible for processing and set up of all subawards.

Terms and conditions for subaward agreements flow down from the prime award, especially when federal funding is involved. Standard subrecipient subcontract terms and conditions incorporate the regulatory and compliance requirements of 2 CFR 200 (Uniform Guidance). The Subaward Team uses these terms and conditions to prepare a subrecipient subcontract.

- Requesting a Subaward
- Subaward Compliance
- Subcontract or Vendor Contract

Requesting a Subaward

Prior to paying another institution or agency for services, a subaward request must be submitted to the Subaward Team. The process for setting up a subaward consists of the following steps:

Step 1: The appropriate functional OSR unit (e.g. Research Management Services for Federal and non-profit grants, Government and Business Contracts for Federal/State/Local gov. contracts, or Industry Contracts for for-profit entities) works with the PI/Department to compile a subaward request packet, which consists of the Subaward Request Form and applicable documents. Please follow the SRF Instructions.

Step 2: The responsible OSR staff emails the Subaward Request Form and all relevant documents to the Subaward Team.

Step 3: The Subaward Team reviews the request and forms to determine whether documents or additional information are needed.

Step 4: The Subaward Team runs the required compliance checks.

Step 5: The Subaward Team sends a copy of the subaward agreement or amendment to the subrecipient, along with any applicable compliance requests.
Step 6: The subrecipient returns documents to the Subaward Team. The Subaward Team sets up the subaward.

**Checking Subaward Status:** Subaward records in RAS will be updated with standardized comments and statuses to indicate where the subaward is in the process. Use this quick guide on how to check the status of your subaward in RAS and this guide for definitions of RAS comments and statuses. If you need additional assistance in determining the status of a subaward, please email CGSubOutTeam@ucsf.edu.

**Effective 8/1/17,** OSR transitioned subaward tracking to CACTAS. The RAS record will be updated with the CACTAS agreement number in the comments section.

- Guide on how the CACTAS fields are being utilized for subaward tracking.
- CACTAS User Guidance.

**Effective 5/1/2020,** OSR developed a new CACTAS record type dedicated to subawards/subcontracts and is phasing in the transition to the new Subcontract record type.

Updates to the CACTAS search tab due to the transition:

1. The search results for ?Agreement Type = Sub-Out? will include both the **old and new** CACTAS record types.
2. The search results for ?Subcontractor ID? (entity receiving the subcontract) will only include the **new** Subcontract record type.

Note: the ?Status? shown on the Search tab will not show the active status for the new Subcontract record type. The status for the new type is not currently on the Search tab.

Instructions to create CACTAS Views for Subcontracts. This will allow the user to search by Subcontractor for both the old and new record types, plus display the Subcontract status as part of the results.

**Subaward Working Capital Advances:** At UCSF, advances are limited to foreign subrecipients in resource constrained countries. The maximum amount allowable on an annual basis is 2 months of the annual amount plus the purchase price of any equipment budgeted. For full details, see How to Request Advance of Funds on Outgoing Subawards.

Along with a Subaward Request Form, the following must be supplied:

- Written request from the subrecipient that they lack sufficient capital to start work without a fund advance. See sample hardship letter. The hardship letter is valid as documentation for 5 years.
- PI must also sign a subrecipient monitoring assurance letter certifying that s/he has read and understands all UCSF subrecipient monitoring requirements.

**Subaward Compliance Checks**

The following are examples of routine compliance checks. The actual compliance requirements will vary by sponsor.
**Single Audit compliance**: Subrecipients receiving U.S. federal funds must certify their current financial accountability by completing our audit certification letter and questionnaire (if applicable).

**Risk Assessment Committee (RAC)**: To ensure compliance with Uniform Guidance requirements, the RAC assesses the risk level of federal grant subrecipients (outgoing subawards) by reviewing a questionnaire and financial statements provided by the subrecipient. The RAC meets weekly and as needed.

**Restricted Party Search (RPS)**: This database checks debarment and terrorist activity/do not fly list. RMS searches the federal RPS lists to ensure that the subawardee has not been identified and disqualified as a subrecipient by a federal agency.

**Institutional Review Board (IRB) or Institutional Animal Care and Use Committee (IACUC) approval**: For all outgoing subawards, outside institutions must have an IRB or IACUC approvals must in place, if needed. If required, RMS collects a copy of the approval or places a restriction in the agreement on the use of human or animal subjects.

*Additional materials to submit:*

- If this is a subaward under a federal contract, provide the Contracting Officer Approval (COA) or have the COA prepared with your Subaward Request Form.
- If your subaward request is more than 90 days past the start date, submit a justification for the late submission.

**Subcontract or Vendor Contract**

OSR is frequently asked when it is appropriate to use a subcontract and when a vendor contract is appropriate. The Uniform Guidance provides general guidance on how to determine if your agreement is a subaward or vendor contract for the purpose of federal awards. The following information will help you decide which mechanism is appropriate to use.

**Who makes the determination?**

The Principal Investigator is primarily responsible for making the determination. However, the RSCs helping to develop the proposal should also be reviewing all third party involvement to determine if it is categorized appropriately as a Contractor that should be handled as a procurement* through Supply Chain Management or a Subrecipient that would be issued a collaborative research subaward through the RMS Subcontracts Team.

When reviewing third parties for inclusion in the proposal budget the following areas will help you determine if the recipient is correctly categorized as a subrecipient or a contractor. In accordance with 2 CFR 200 and UC Presidential Policy BUS 43, subawards should only be used to bring a third party collaborator into the UCSF project, whereas a contractor who is providing goods and services that are then used by UCSF to complete the project are to be handled as procurements.

**Vendor Contracts**
A vendor contract is an agreement where an outside party is responsible for providing ancillary services or goods that will support the recipient of those goods in the performance of their duties. A vendor contract is appropriate when the party?s service can be described and billed according to established rates on a requisition or purchase order.

Contractors provide goods or services needed to complete the project, and:

- Constitutes "work for hire". Does not transfer programmatic effort to the third-party entity
  - The third-party entity does not have a Principal Investigator
  - There is no collaborative element to the scope of work
  - Contractor is providing deliverables to UCSF be used to complete the UCSF project
- UCSF is not required by the sponsor to flow down the requirements of the prime agreement
- Provides goods and services within normal business operations;
- Provides similar goods and services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the federal program; and
- Is not subject to compliance requirements of the federal program.

Vendor contracts are handled by Supply Chain Management.

Subcontractor

A subcontract (outgoing subaward) is the proper contractual mechanism if the service is complex and requires a scope of work and budget, deliverables schedule, or billing requirements.

Subawards bring a third party entity into UCSF?s project, and:

- Transfers substantive programmatic effort to the third-party entity
  - Has a Principal Investigator
  - The scope of work includes collaboration on the work for the UCSF award
  - Recipient is working independently to achieve their portion of the total project
- UCSF is required by the sponsor to flow down the requirements of the prime agreement
- UCSF is required monitor and ensure ongoing compliance with the flow down requirements by the third-party entity
- Determines who is eligible to receive what financial assistance;
- Has its performance measured against whether the objectives of the federal program are met;
- Has responsibility for programmatic decision-making; and
- Uses the federal funds to carry out a program of the organization, as compared to providing goods and services for a program of the pass-through entity.
Subawards out are handled by the research office that handles the incoming award to UCSF. For RMS subawards out, contact the RMS Subcontracts (SubOut) Team.

**Additional Resources**

For more information on identifying various third party transactions in research, see the Subcontractor or Purchase Agreement Matrix.

For more information on the differences between Subrecipients and Contracts and the Uniform Guidance’s requirements, see the Subrecipient vs. Contractor Determination slide deck.

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