**Seattle College District Procedure**

**NUMBER: 670**

**TITLE: SCD Grants and Contracts**

**APPENDIX J: Managing Subawards**

As permitted by the grantor or contractor, the District/College(s) may enter into an agreement with another entity to carry out grant or contract activities. The Program Manager/Primary Investigator (PI) is responsible for determining the need for a subaward or subcontract. If a faculty or staff member is considering applying for a grant that involves a subrecipient, they must contact the College Grants Office and Campus Business Office regarding how to conduct a risk assessment of the potential subrecipient.

1. **Debarment**

The Program Manager/PI must ensure that the entity is not debarred by checking the System for Award Management ([SAM](https://www.sam.gov/SAM/)) website; search results must be saved.

1. **Subrecipient or Contractor**

The Program Manager/PI must determine and document whether the entity is a subrecipient or contractor using the checklist below; this determination will impact the type of agreement entered into and the District’s/College(s)’ responsibilities under that agreement. The checklist as well as Client Service Form is intended as a guideline and is not in of itself conclusive; the PI must use their professional judgment in making this determination. Upon completion, the PI must submit the checklist and Client Service Agreement to the College Business Office for review and consultation.

|  |  |  |  |
| --- | --- | --- | --- |
| Subrecipient or Contractor Determination | | | |
| Subrecipient | Y or N | Contractor | Y or N |
| Determines who is eligible to receive what Federal assistance |  | Provides the goods and services within normal business operations |  |
| Has its performance measured in relation to whether objectives of a Federal program were met |  | Provides similar goods or services to many different purchasers |  |
| Has responsibility for programmatic decision making |  | Normally operates in a competitive environment |  |
| Has responsibility for adherence to applicable Federal program requirements specified in the Federal award |  | Is not subject to compliance requirements of the Federal program |  |
| Uses the Federal funds to carry out a program as opposed to providing goods or services for the benefit of the pass-through entity |  | Provides goods or services that are ancillary to the operation of the Federal program |  |

1. **Subrecipient Entrance Questionnaire**

Before contracting with a subrecipient, the subrecipient must complete the Entrance Questionnaire below.

|  |  |  |  |
| --- | --- | --- | --- |
| Subrecipient Entrance Questionnaire | | | |
| Entrance Questions | Y or N | Subrecipient Comments | Reviewer Comments |
| Is there pending or threatened litigation against the organization? If so, please describe. |  |  |  |
| Are you aware of any actual fraud, allegations of fraud or noncompliance that occurred over the past year? |  |  |  |
| Did you expend $750,000 or greater in federal assistance over the most recently completed fiscal year and, if so, was an A‐133 audit performed? Please attach most recent A‐133 if applicable. |  |  |  |
| Grant monitoring (other than A-133 audit) performed on other federal funding with compliance exceptions reported. If so, describe program monitored and nature of compliance issues identified. |  |  |  |
| Significant changes to fiscal or compliance policies and procedures? If so, please summarize the key changes. |  |  |  |
| Was program income generated as a result of funded program activities? If so, please describe nature of program income and estimated amounts earned. |  |  |  |
| Document recent layoffs, losses of significant grant or other funding and/or other financial difficulties facing your organization |  |  |  |
| Document significant turnover in key positions (Executive Director, Finance Director, Program Manager) |  |  |  |
| Other significant events or transactions that occurred during current or past Program Year? |  |  |  |

1. **Subrecipient Risk Assessment**

The PI will use the Entrance Questionnaire to complete a Subrecipient Risk Assessment that will inform how the District/College(s) manages the risk associated with contracting with the subrecipient.

|  |  |
| --- | --- |
| Subrecipient Risk Assessment | |
| Amount of subaward and type of funds (e.g., private, local, state, federal, etc.) |  |
| Subrecipient’s prior experience managing the same or similar subawards |  |
| Results of previous fiscal audits |  |
| New personnel or changed systems (e.g., management, operational, fiscal, etc.) |  |
| Results of prior monitoring, including the entity that completed the monitoring (e.g., private, local, state, federal, etc.) |  |
| Adequacy of training |  |
| Adequacy of written policies & procedures, including internal controls |  |
| Procedures for responding to and resolving concerns, recommendations, and finding(s) of noncompliance |  |

1. **Subaward Agreement**

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

*Sub‐recipient: A sub‐award is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the sub‐recipient. See §200.92 Sub‐award.*

If determined to be a subrecipient, the District/College(s) will enter into a subaward agreement with the entity.

General Information

The subaward must include:

1. Subrecipient name. If the funder requires the subrecipient to be registered in SAM, this name must match the registered name and the subaward must also include the subrecipient’s “unique entity identifier.”
2. Subaward Period of Performance Start and End Date
3. Project Description
4. Budget and Budget Justification
5. Catalog of Federal Domestic Assistance (CFDA) Number, if applicable
6. W‐9 form
7. Indirect cost rate for the District/College(s)’ award and the indirect cost rate for the subecipient’s subaward. If the subrecipient does not have a negotiated indirect cost rate, they will be eligible to use the 10% de‐minimis indirect cost rate described at 2 CFR 200.414(f).

Financial Information

The subrecipient is accountable to the District/College(s) for compliance with all applicable requirements, and the District/College(s), as the pass‐through entity, is responsible to the grantor or contractor for ensuring that the subrecipient complies with all applicable requirements. Therefore, all subawards are issued on a cost‐reimbursement basis. The PI must determine that the entity’s costs are reasonable and that all proposed costs are allowable under the grantor’s or contractor’s terms and conditions. The District/College(s) reserves the right to refuse to reimburse the subrecipient for any expenditures that cannot be justified or unallowable.

The subaward must include the following information:

1. Monthly invoicing:Subrecipients must submit invoices monthly by the 15th calendar day of each month for the preceding calendar months’ expenditures. The subrecipient must submit the following:

* Invoice signed by authorized signatory
* Backup financial documentation
* For federal funds, a signed Time and Effort documentation to support salary expenditures

1. The Subrecipient must maintain the following documentation, which must be made available upon request:

**Personnel**

* Payroll report from the financial system
* Time and Effort reclassification (if actual hours differ from the budget)
* Expenditure report

**Travel**

* Approved in advance travel form with the purpose of travel
* Copy of all receipts and other supporting documentation

**Equipment**

* + Purchase orders
  + Itemized receipts
  + As applicable, prior approval from the Federal Agency for the purchase and/or lease of any equipment with a per‐unit acquisition cost of $5,000 or more

**Supplies**

* Invoices from third party vendors
* Itemized receipts

**Contractual**

* + Invoices from a personal services contracts
  + Backup documentation from contractors

**Other**

* Backup documentation for any other project expenditures (e.g., support services, ancillary expenses, etc.)

**Indirect**

* Amount and documentation from financial system
* As applicable, Federally Negotiated Indirect Cost Rate

**Match and Leverage Resources**

* + As applicable, leverage expenditures form
* As applicable, Match report including Time and Effort documentation to support salary expenditures used as match
* Backup documentation with the related receipts

**Accrual report**

* + Total cost of all goods and services received or services performed

1. **Subrecipient Monitoring**

The District/College(s) must monitor the subrecipient to ensure the subaward is carried out in compliance with the agreement and all applicable rules and regulations. The PI uses the Subrecipient Risk Assessment to determine the frequency and mode (e.g., on-site versus remote) of monitoring.

**Subrecipient Monitoring Activities**

The District/College(s) use the Risk Assessment to guide the following monitoring activities:

* **Reporting**: The PI is responsible for reviewing financial and performance reports submitted by the subrecipient to ensure:
  + Timely submission of reports
  + Compliance with financial rules and requirements
  + Compliance with programmatic requirements and outcomes
* **Site Visits**: The PI is responsible for performing site visits at the subrecipient’s place of service/operations to review financial and programmatic records, ensure records are properly maintained, and observe operations.
* **Internal Control**: The Campus Business Office is responsible for reviewing the subrecipient’s internal control policies and procedures.
* **Audit Certification/Audit Findings**: The Campus Business Office is responsible for reviewing third party audit certifications and any findings and corrective action.
* **Regular Contact**: The Campus Business Office are responsible for maintaining regular and ongoing contact with the sub recipient and inquiring about program activities.

**Subrecipient Monitoring Results**

Upon completion of monitoring activities, the PI must complete a monitoring report, which includes a write-up of the results, any concerns, recommendations, and findings. For any findings, the PI must establish corrective action that the sub recipient must take to come into compliance. Corrective action may include, but is not limited to:

* Requiring more detailed financial and/or performance reports, including additional backup documentation
* Requiring the sub recipient to obtain technical or management assistance;
* Establishing additional prior approvals before payment reimbursements are made