511-004-C: SUBAWARD ADMINISTRATION FOR EXTERNAL FUNDING

I. Introduction
This policy establishes guidelines for subaward administration for federally funded awards administered by the University Corporation at Monterey Bay (“University Corporation”).

The purpose of this policy is to ensure the University Corporation’s consistency and compliance in the subaward development and monitoring process for federal awards as required by the federal government.

The terms of the relationship with a subrecipient are documented in a subaward (subgrant/subcontract/consortium agreement). This policy and referenced procedures are intended to assist responsible Project Directors/Principal Investigators in ensuring (1) that the subrecipient is conducting its portion of the project in compliance with applicable laws and regulations and with the terms of the award and subaward, and (2) that the subrecipient’s portion of the project’s costs are reasonable and allowable. Subrecipient monitoring is required by the federal government for federally funded subawards.

II. Policy
Subawards may be called subcontracts, subagreements, purchase orders, subgrants, etc., and they may also have the appearance of procurement agreements in format and language, but they nonetheless remain forms of “financial assistance” and do not constitute what OMB Circular A-110 describes as a “procurement action.” Thus, their issuance is not subject to the procurement standards specified in §40-48 of A-110.

Externally federal funded grants and contracts received by the University Corporation that require collaborative sponsored project effort from a third party in support of the University Corporation’s grant or contract must have a Subaward document prepared to formalize the collaborative relationship between the University Corporation and the third party. All such Subawards must be requested through the Sponsored Programs Office (“SPO”) office.

SPO is solely responsible for the formal negotiation of terms and conditions relevant to the collaborator during the development or performance of the Subaward. This includes ensuring that subaward agreements contain appropriate federal and other applicable regulations consistent with sound business practices.
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CSUMB’s Project Director/Principal Investigator (“PD/PI”) is authorized to negotiate the Collaborator’s “statement of work” for the collaborative effort. The PD/PI also has primary responsibility for the monitoring of subrecipients to ensure compliance with federal regulations and with the terms and conditions of both the primary award and subaward.

Resolution of complex subrecipient monitoring issues or the determination of courses of action will be done jointly by the PD/PI, SPO, University Corporation Grants Accounting, Purchasing and/or other appropriate administrative officials.

It is also important to note that there may be additional sponsor-specific or program-specific requirements that mandate collection and documentation of other kinds of assurances during the course of the project.

### III. Terms and Definitions

A. **Sponsor**: Refers to the federal governmental agency that makes an award directly to the University Corporation.

B. **Award**: The financial assistance document processed by the Sponsor and sent to the University Corporation that provides support to accomplish a public purpose.

C. **Subaward**: The document that formalizes an award of financial assistance to a third party, subrecipient, to perform collaborative sponsored project effort based upon an Award made to the University Corporation.

D. **Subcontract**: The document that formalizes an acquisition or procurement relationship with a third party vendor to perform substantive sponsored project services based upon a Contract or Award from a funding agency to the University Corporation.

E. **Subrecipient**: A third party that participates in providing substantive programmatic work identified in a proposal to a funding agency (sponsor). Their performance is measured against whether objectives of the sponsor are met. They also have responsibility for adherence to applicable federal compliance requirements.

F. **Vendor**: A third party entity that provides goods and services, via a subcontract, but does not participate in the scope of the work.
IV. Policy Guidelines

A. Penalties: Penalties for noncompliance include adverse audit findings, financial liabilities on current and past awards, and loss of eligibility to receive future awards.

B. General Procedures: General procedures have been created with the details of implementing the above policy to assist PDs/PIs in the appropriate process for having a Subaward document prepared and administered. These procedures shall be updated from time to time as needed.

C. Authorized Institutional Official: The Authorized Institutional Official for all subrecipient matters shall be the SPO office.

V. Adoption and Review

A. The University Corporation’s Board of Directors has adopted this Subaward Administration for External Funding Policy, dated January 2004. The University Corporation’s Board of Directors has adopted this Subaward Administration for External Funding Policy-B, dated June 2010.

B. This policy shall be evaluated ten years from its adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the University Corporation or any change required by law or by other governing policy.

Any proposed amendments or variations of this policy would require a majority approval by the University Corporation Board of Directors.

VI. Related Documents
