

# COLUMBIA UNIVERSITY

## POLICY ON SPONSORED PROJECT SUBAWARDS

Effective Date: April 1, 2008

### Policy Statement

As the recipient of an award for a sponsored research project (a “Sponsored Project”), Columbia University (the “University”) may award financial assistance to a collaborator (a “Subrecipient”) to facilitate performance of and payment for specific work to be conducted by such Subrecipient in connection with the Sponsored Project (a “Subaward”). As a condition to its acceptance of funding from a sponsor, the University is obligated in its role as recipient of the primary award to undertake certain stewardship activities and to ensure compliance by the Subrecipient with federal, state and local laws and regulations and with the restrictions placed upon the primary award by the sponsor. When the University assigns responsibility for conducting a portion of the work under the primary award to a Subrecipient, the University remains responsible to the sponsor for managing funds and meeting performance goals. This responsibility involves both pre-award assessment of the proposed Subaward and Subrecipient and post-award monitoring of the programmatic and financial activities of the Subrecipient under the Subaward.

This Policy applies to all Subawards issued in connection with Sponsored Projects undertaken by investigators at the University regardless of the primary source of funding.

### Reasons for the Policy

This Policy seeks to:

- ensure that risks associated with a Subaward or a Subrecipient are identified and managed prior to the grant of a Subaward;
- promote compliance with federal, state and local laws relating to Subrecipient monitoring;
- assign appropriate unit-level and individual responsibility and accountability for the establishment and management of Subawards; and
- ensure that a sponsor’s funds are appropriately spent and that the University and its sponsors receive value for funds expended.

### Primary Guidance to Which This Policy Responds

This Policy primarily responds to the following regulations of the federal Office of Management and Budget (“OMB”):

- OMB Circular A-110 (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>)
- OMB Circular A-133 (<http://www.whitehouse.gov/omb/circulars/a133/a133.html>) (“A-133”)
- 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996) (<http://www.ignet.gov/single/saamend.html#7502>)

## **Responsible University Offices and Officers**

Office of Research Administration  
Associate Vice President for Research Administration

Clinical Trials Office  
Executive Director

Office of the Controller  
Executive Director, Restricted Funds

## **Revision History**

This Policy supersedes the Policy on the Establishment of Sponsored Project Subawards.

## **Who is Governed by this Policy**

Faculty and staff who are responsible for authorizing, processing and monitoring Sponsored Project Subawards.

## **Who Should Know this Policy**

1. All persons governed by this Policy [see above]
2. Principal Investigators
3. Departmental Administrators and other departmental staff
4. Deans and Department Chairs
5. Office of Research Administration
6. Clinical Trials Office
7. Office of the Controller

## **Exclusions and Special Situations**

Not applicable

## **Policy Text**

As the recipient of an award for a sponsored research project (a “Sponsored Project”), Columbia University (the “University”) may award financial assistance to a collaborator (a “Subrecipient”) to facilitate performance of and payment for specific work to be conducted

by such Subrecipient in connection with the Sponsored Project (a “Subaward”). A Subaward may be made by the University as the recipient of a primary award or as the subrecipient of another institution’s primary award.

Subawards are awards of financial assistance only and do not include the following:

- technical assistance that provides services rather than money;
- loans, loan guarantees, interest subsidies or insurance;
- direct payments of any kind to individuals; or
- contracts that are required to be entered and administered under procurement laws or regulations.

Agreements relating to Subawards (“Subaward Agreements”) may be called, among other things, subcontracts, subagreements, subgrants, purchase orders, purchase service agreements or trial protocol agreements.

It is University policy that Subawards are funded for a maximum of one year, renewable for additional periods as appropriate. All modifications to existing Subawards must be negotiated with the Subrecipient and are dependent on the continuation of the primary award.

In accordance with federal regulations, it is University policy that the University awardee must perform a substantive role in carrying out the activities of a project and not merely serve as a conduit for an award to another party. It is expected that the aggregate amount payable under all Subawards in respect of any award made to the University should not exceed 50% of such award without the prior approval of the Subaward Committee (see Section I below).

As a condition to its acceptance of funding from a sponsor, the University is obligated in its role as primary recipient to undertake certain stewardship activities and to ensure compliance by the Subrecipient with federal, state and local laws and regulations and with the restrictions placed upon the primary award by the sponsor. In addition, the University remains responsible to the sponsor for managing funds and meeting performance goals.

The University’s stewardship activities will include the following:

- a. Prior to granting a Subaward, the University will assess the potential Subrecipient’s organizational and financial status and internal controls as well as the terms of the proposed Subaward Agreement and will establish conditions for the Subaward consistent with the level of risk perceived.

b. The University will advise the Subrecipient of all appropriate flow-down provisions from the primary award, all relevant University policies and, if such Subrecipient is a non-U.S. entity, all applicable U.S. laws and regulations.

c. The University will, on an ongoing basis throughout the life of the award, monitor the activities of a Subrecipient under the Subaward in accordance with the Subaward Agreement to ensure that awarded funds are used for authorized purposes and that performance goals are achieved.

For purposes of this Policy, “subrecipient monitoring” includes both pre-award assessment of the proposed Subaward and Subrecipient and post-award monitoring of the programmatic and financial activities of the Subrecipient under the Subaward.

The preparation and negotiation of Subaward Agreements for all Sponsored Projects other than clinical trials (“Non-Clinical Trial Subawards”) are responsibilities of the Office of Research Administration (“RA”); the preparation and negotiation of agreements relating to Subawards for clinical trials (“Clinical Trial Subawards”) are responsibilities of the Clinical Trials Office (“CTO”). However, RA is responsible for the final approval and execution of all Subaward Agreements and for initiating all procurement actions needed to encumber the University financial systems.

Subrecipient monitoring for all Non-Clinical Subawards is a shared responsibility of the principal investigator (“PI”), his/her departmental administrator (“DA”), the Chair of his/her Department (the “Chair”), RA and the Restricted Funds Division of the Office of the Controller (“RFD”). Subrecipient monitoring for all Clinical Trial Subawards is the shared responsibility of the PI, the DA, the Chair, RA, the CTO and RFD.

## **I. Subaward Monitoring Committee**

The University will form a standing Subaward Monitoring Committee (the “Subaward Committee”), each of whose members will be appointed by the Executive Vice President for Research (the “EVPR”), in consultation with the Controller.

The Subaward Committee will consist of one representative of each of RA, the CTO, the Office of the General Counsel, the Office of the Controller and the Office of Research Compliance and Training chosen by the EVPR, one of whom will be appointed the Chair. The Subaward Committee will carry out the duties assigned to it in this Policy and the EVPR will ask appropriate Officers of Instruction and/or Officers of Research to advise the Subaward Committee as necessary or appropriate.

## **II. Subrecipient Monitoring**

### **A. Pre-Subaward Submission**

Prior to the submission of a proposal for a Sponsored Project that has Subawards (or, if the Subaward is not known at the time of the submission of a proposal, prior to the

execution of the Subaward Agreement), the PI is required to provide RA or the CTO with certain information and/or documentation about the proposed award. Appendix A provides specific guidance as to what information and documentation is required.

## **B. Subaward Risk Assessment**

**After an award is made, but** before executing a Subaward Agreement with respect to certain Subawards described below (“Risk Assessment Subawards”), RA or the CTO will review information and documentation provided by the PI and/or DA on the potential Subrecipient’s organization, financial condition and management processes and controls and will conduct an assessment of the risks relating to the Subaward and the Subrecipient.

For purposes of this Policy, the term “Risk Assessment Subaward” means a Subaward of at least \$500,000 per project period with a Subrecipient (a) with which the University has had no prior work experience or a poor work experience (e.g., a Subrecipient that has not performed adequately on prior Subawards or has a history of non-compliance) or (b) that is either (i) a non-U.S. entity or (ii) a for-profit entity.

Appendix B-1 provides guidance as to what information and documentation is required in connection with a risk assessment and the steps involved in such assessment.

## **C. Establishment of Subaward**

Following the receipt of a notice of award and, for Risk Assessment Subawards, the completion of the subaward risk assessment, RA or the CTO is required to take certain actions prior to a Subaward being established. Such actions are described in Appendix C.

## **D. Post-Subaward Monitoring.**

1. **General.** Following the execution of a Subaward Agreement, the PI and his/her DA will jointly determine the frequency and scope of departmental monitoring procedures based on the risk mitigation strategy, if any, for the Subaward and any procedures established by the Subaward Committee. The PIs and the DA should report any material problems with respect to any Subaward to RA or the CTO.

2. **Performance.** The PI will monitor the progress of the Subrecipient work scope by reviewing formal progress reports on a timely basis. He/She may also receive informal progress reports by phone or e-mail. Site visits are a discretionary monitoring procedure, but are recommended to evaluate the Subrecipient’s compliance with the scientific objectives of the Sponsored Project and the appropriateness of the Subrecipient’s administration of the Subaward. The frequency of site visits will depend on the risk associated with the Subaward, the level of complexity of activity and the scope and duration of the project. Site visits should be documented by meeting notes, trip reports or correspondence and such documentation retained in the files.

3. **Invoices.** The PI and the DA will review all Subrecipient invoices and compare them to the Subaward budget. The requirements for reviewing invoices are described in Appendix D.

4. **Annual Monitoring.** On an annual basis RFD is required to take certain actions with respect to each Subrecipient listed in the Subaward Database maintained by RFD that is party to an active Subaward Agreement. Such actions are described in Appendix E. The PI should be aware that RFD's monitoring and resulting assessment of compliance may result in a recommendation of termination of a subaward. RFD and/or the Subaward Committee reserve the right to require such termination.

5. **Closeout.** Following the conclusion of a Subaward period of performance, the Subaward should be processed for closeout and formally closed within 60 days, unless RA/the CTO grants the PI an extension of time. The requirements for closeout are described in Appendix F.

### **Definitions**

The following are some of the definitions used in this Policy:

A-133: OMB Circular A-133.

A-133 Audit Letter: a Subrecipient's audit certification letter pursuant to A-133.

A-133 Entity: a Subrecipient subject to A-133.

Chair: the Chair of a Department.

Clinical Trial Subaward: a Subaward relating to a Sponsored Project that is a clinical trial.

CTO: the Clinical Trials Office.

DA: a Departmental Administrator.

Non-A-133 Entity: a Subrecipient not subject to A-133.

Non-Clinical Trial Subaward: a Subaward relating to a Sponsored Project that is not a clinical trial.

PI: a principal investigator.

RA: Office of Research Administration.

RFD: the Restricted Funds Division of the Controller's Office.

Risk Assessment Subaward: a Subaward of at least \$500,000 per project period with a Subrecipient (a) with which the University has had no prior work experience or a poor work experience (e.g., a Subrecipient that has not performed adequately on prior Subawards or has a history of non-compliance) or (b) that is either (i) a non-U.S. entity or (ii) a for-profit entity.

Subaward Agreement: an agreement relating to a Subaward.

Subaward Committee: the standing Subaward Monitoring Committee.

Subaward Database: a database of information concerning Subrecipients maintained by RFD.

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## **Cross References to Related Policies**

## International Research and Service Projects: Risk Management Procedures

**Information and Documentation Required in  
Connection with the Subaward Submissions**

The following information and documentation should be provided by the PI to RA or the CTO prior to the submission of a proposal for a Sponsored Project that has Subawards (or, if the Subaward is not known at the time of the submission of a proposal, prior to the execution of the Subaward Agreement):

1. a statement of work;
2. a budget and budget justification meeting the requirements of the sponsor and the University, together with a copy of the Subrecipient's negotiated rate agreement, or a PHS check list page; and
3. a Face Page (e.g., PHS 398), a Subaward Proposal Face sheet or a letter of commitment/letter of intent signed by an authorized institutional official of the Subrecipient certifying as to the statement of work, the accuracy of the budget and institutional compliance with any applicable regulations and agency-specific requirements.

### Subaward Risk Assessment

At the time an award is made, but before executing a Subaward Agreement with respect to a Risk Assessment Subaward, the following information and documentation should be reviewed and the following steps taken by RA or the CTO:

1. The information and documentation to be reviewed may include A-133 Audit Letters for A-133 Entities or annual financial reports, audited financial statements and auditors' management letters for Non-A-133 Entities.

2. A risk assessment may take into account one or more of the following factors:

- whether the potential Subrecipient is subject to an A-133 audit or other federal financial review;
- the degree of external oversight by auditors or sponsor agencies;
- evidence of effective financial controls within the Subrecipient's systems and administrative operations;
- the size of the Subrecipient;
- the size of the Subaward;
- the size of the Subaward relative to the Subrecipient's sponsored research portfolio;
- the size of the Subaward relative to the primary award;
- the award complexity, sensitivity of work, and/or extensiveness of the governing regulations;
- prior experience with the Subrecipient (e.g., pre-award negotiations, financial/ operational reporting accuracy and timeliness, response to requests, etc.);
- the subrecipient location (i.e., remoteness from the University might require more oversight);
- type of Subrecipient organization (for-profit / not-for-profit / small business / corporation / foreign / domestic);
- organizational and individual conflicts of interest; and
- the risk category, if any, established by RFD (see Appendix E, Section 2 below).

Following its risk assessment, RA or the CTO will complete the risk assessment form attached to this Policy as Appendix B-2 with respect to each Risk Assessment Subaward.

3. If RA or the CTO identifies risks that should be managed during the Subaward, it will develop a risk mitigation strategy in consultation with the applicable PI and Chair and the Subaward Committee and, in the case of a Subaward that involves an international research or service project, the appropriate persons indicated in the University's Risk Management Procedures for International Research and Service Projects. Each of the PI, the Chair and the Subaward Committee must approve the final risk mitigation strategy.

4. In the event that the parties are unable to agree on a risk mitigation strategy, the Chair, the Subaward Committee or the EVPR may determine that the applicable Subaward Agreement should not be executed. In such a case, the prime sponsor will be notified and the PI will identify a new site (if necessary) to conduct the work described in the notice of award or contract.

**Assessment  
Subaward Risk  
Analysis**

**Subrecipient Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Subaward No:** \_\_\_\_\_

**Project Officer/  
Contract Coordinator:** \_\_\_\_\_

Instructions: For each criterion, pick the risk category that is more appropriate for the Subrecipient / Subaward; add the number of boxes checked in each category. If the number of boxes checked in the Higher Risk category is:

0 - 7 the project is Low Risk  
 8 - 14 Medium Risk  
 15 - 21 High Risk

Criteria	Risk Category			
	Lower Risk		Higher Risk	
1. Size of Subaward	< \$1 Million	<input type="checkbox"/>	\$1 million or more	<input type="checkbox"/>
2. Prior work experience with CU	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
3. Poor work experience with CU	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
4. Jurisdiction of organization	U.S.	<input type="checkbox"/>	Non - U.S.	<input type="checkbox"/>
5. Organization type	University / Non-profit	<input type="checkbox"/>	For Profit	<input type="checkbox"/>
6. Size of Subrecipient	Large	<input type="checkbox"/>	Small	<input type="checkbox"/>
7. Maturity of Subrecipient	Mature	<input type="checkbox"/>	Start Up	<input type="checkbox"/>
8. Prime award sponsor	Private / Foundation	<input type="checkbox"/>	Government	<input type="checkbox"/>
9. Award type	Grant	<input type="checkbox"/>	Contract	<input type="checkbox"/>

Criteria	Risk Category			
	Lower Risk		Higher Risk	
10. Percentage of CU award subcontracted	< 50%	<input type="checkbox"/>	50% or more	<input type="checkbox"/>
11. A -133 Audit report	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
12. Audited financials	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
13. Robust financial controls	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
14. SOW and deliverables	Report	<input type="checkbox"/>	Tangible product pivotal to success of project	<input type="checkbox"/>
15. Subrecipient location	Close to CU	<input type="checkbox"/>	Remote	<input type="checkbox"/>
16. Human subjects research	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
17. Animal research	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
18. Stem cell research	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
19. Export control issues	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
20. Other highly regulated research	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
21. Potential conflict of interest	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>
22. RF risk category, if any	Low	<input type="checkbox"/>	Medium - High	<input type="checkbox"/>
23. Additional risks	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>

**Establishment of Subaward**

Following receipt of a notice of award and, for Risk Assessment Subawards, the completion of the subaward risk assessment, RA or the CTO will take the following actions:

1. confirm the budget with the PI and/or the DA;
2. prepare a Subaward Agreement according to the terms of the primary award;
3. forward the Subaward Agreement to the Subrecipient for its review and negotiate the Subaward Agreement as required;
4. obtain a signed copy of the Subaward Agreement from an authorized official of the Subrecipient; and
5. execute the Subaward Agreement on behalf of the University (RA will sign all Subaward Agreements regardless of which Office negotiated the Subaward).

Following execution of a Subaward Agreement, RA or the CTO will enter the names of the Subrecipient and the Subaward and other pertinent information (contact name, street address, email address and telephone number) in a University data base (the “Subaward Database”) that is accessible by RA, the CTO, RFD, PIs and DAs. RFD will be responsible for communicating with the Subrecipient and obtaining certain information on an annual basis, as described in Appendix E.

**Requirements for Reviewing Invoices**

The PI and the DA will be subject to the following requirements relating to the review of Subrecipient invoices:

1. Subrecipient invoices should contain at least the following information:

- the period of performance covered by the invoice;
- a description of services reflected by billings (e.g., major expenditure categories);
- current period costs, including cost sharing (in sufficient detail to enable comparison to the project budget);
- cumulative project costs, including cost sharing, as compared to the project budget;
- Subrecipient contact person with respect to the invoice; and
- certification as to the truth and accuracy of the invoice.

Evidence of regular review of invoices by the PI and the DA should be retained in the files. “Evidence” can be in the form of PI or DA initials or authorizing signatures on invoices, e-mail communications, meeting notes, etc.

If after review of any invoice, a concern with respect to the Subrecipient’s performance or the inclusion of unusual, excessive or unexplained charges is identified, the PI or the DA should request clarification from the Subrecipient. If the explanation from the Subrecipient is not sufficient to render a prudent judgment on the allowability of the cost or compliance with the terms of the Subaward Agreement, the PI or the DA should notify RA or the CTO as soon as possible. RA or the CTO will review the matter and will coordinate with the University’s Office of the General Counsel. Examples of detailed justifications that may be requested include:

- payroll records / data;
- copies of paid invoices showing the cost of items purchased or Vendor Justification Forms if required by federal law;
- descriptions of services rendered by consultants, including hourly rates and time reports; and
- details of travel charges (air fare, meals, ground transportation) with purposes of travel stated.

Unreasonable, unallowable or unallocable costs should be disallowed by the PI, the DA or RFD. The DA should document the reason for the disallowance (i.e., progress reports not filed, expenses not in line with Statement of Work, etc.) and contact the Subrecipient to issue a revised invoice.

It is expected that the DA submit invoices to Accounts Payable (AP) for payment within 30 days of the invoice date in accordance with AP policies. The Department should retain copies of invoices in the files.

In order to insure the proper treatment of Subaward costs, invoices must be processed using the following subcodes, which are consistent with the Sponsored Project's budget established by RA or the CTO:

- a. subcode 4010 should be used to record the first \$25,000 of such costs, as these costs are subject to application of the University's F&A rate. Note that the \$25,000 threshold covers the entire life of the Subaward, inclusive of all competitive renewals of the Project. If there are multiple Subawards under a single Project, then each Subaward will have its own subcode in the 401x range;
- b. after the first \$25,000 of costs has been incurred, all remaining payments OTHER THAN the final payment under the Subaward should be charged to subcode 4110 (or other subcodes in the 411x range if there are multiple Subawards); and
- c. the final payment under the Subaward should be charged to subcode 4160 (or other subcodes in the 416x range if there are multiple Subawards).

**Actions Required in Connection with  
Annual Monitoring of Subawards**

On an annual basis RFD will take the following actions with respect to each Subrecipient listed in the Subaward Database that is party to an active Subaward Agreement:

1. RFD will send a form to be completed by each Subrecipient. The information to be provided will depend on whether the Subrecipient is or is not an A-133 Entity.
  - a. If the Subrecipient is an A-133 Entity, it will be required to indicate the status of its most recent A-133 audit and the results thereof, indicating any reportable conditions or qualifications relating to the Subrecipient's internal controls, non-compliance with laws and regulations, inclusion of costs or other reportable audit findings that may affect the University's award. The form will further require that if any of such conditions exist, the corrective action plan and/or a description of actions taken toward remediation be submitted with the form.
  - b. If the Subrecipient is a Non-A-133 Entity, it will be required to provide a copy of its latest annual financial report, including the latest audited financial statements and auditors' management letter.
  - c. Both A-133 and Non-A-133 Entities will be required to provide written confirmation that none of the Subrecipient's personnel participating in the Sponsored Project has a financial conflict of interest with respect to the Project.
  - d. RFD will follow up in a timely fashion with any Subrecipient that does not provide it with the required information described above. In the event that the Subrecipient fails to respond, or to provide a corrective action plan, RFD and/or the Subaward Committee may determine that subsequent invoices from such Subrecipient should not be paid until such actions are taken.
2. RFD will update the Subaward Database to record the receipt (or non-receipt) of the information described above and, based on its assessment of the findings and the corrective action plan, make a determination that the Subrecipient is low, medium or high risk. Where necessary, RFD will ask the Subaward Committee for its assistance in making this assessment.
3. In certain cases, the RFD and/or the Subaward Committee may determine that the Subrecipient's non-compliance with the University's requirements is so serious, the findings in an A-133 Audit Report are so egregious or the risks of continuing the Subaward are so high that the Subaward should be terminated.

**Requirements for Closeout**

The following requirements must be met prior to a Subaward being closed out:

1. The PI should insure that all deliverables (e.g., technical/progress reports, patent / invention documentation, equipment report, final invoice, etc.) have been received from the Subrecipient and should verify the technical completion of the Sponsored Project.
2. The PI, with the assistance of his/her DA, should complete a final review of all costs charged by the Subrecipient to insure that only allowable and appropriate costs have been incurred.
3. Once the above tasks have been completed, the PI should approve the final invoice from the Subrecipient, indicating that it represents a final payment by assigning subcode 4160 (or other subcodes in the 416x range, where there are multiple Subawards related to a single Sponsored Project). Such approval will represent the PI's acknowledgement that all tasks and obligations of the Subrecipient have been completed. It is important that the final invoice be promptly received and approved, in order to insure appropriate and timely expenditure reporting to the sponsor.
4. If the actual costs incurred by the Subrecipient are less than the maximum amount authorized by the Subagreement (and the purchase order authorizing the commitments of funds to the Subrecipient), the PI and/or the DA will advise RFD to close out the remaining commitment on the purchase order.