

# Subawards Policies and Procedures

## Johns Hopkins University Research Administration

### I. Introduction

Sponsored project awards made to The Johns Hopkins University (“JHU” or “University”) are generally conducted within the physical boundaries of JHU by University faculty and staff. Occasionally, however, a significant portion of the required work may need to be provided outside the University by a third party. The third party is made responsible for a discrete portion of the project award, providing the leadership and direction of a responsible investigator and the resources necessary to conduct that portion of the work. Costs associated with this work may include personnel costs, supplies, equipment, travel, and overhead. Such an arrangement is carried out through the issuance of a subaward.

The U.S. Government Office of Management and Budget (OMB) requires recipients to analyze and monitor funds going to subrecipients. In the case of subawards, the Office of Naval Research audits recipients’ compliance with this requirement. The guidelines and specific procedures set out in this manual have been developed by the Johns Hopkins University Research Administration (JHURA) for establishing subawards (subgrants and subcontracts) for research, development and services under federal prime grants and contracts awarded to JHU to assure compliance with U.S. Government regulations. These instructions should also be used as guidance in establishing international subawards and subawards under non-federal prime awards.

#### A. Definitions

**OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Chapter I, Chapter II, Part 200, et al.**, referred to as the “Uniform Guidance” (UG). On December 26, 2013, the [Office of Management and Budget \(OMB\)](#) issued [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) in the [Federal Register](#). This “Uniform Guidance” replaces the administrative, accounting, audit rules and principles currently promulgated in the OMB Circulars, including A-21, A-110, and A-133. The UG took effect on December 26, 2014, with the exception of the audit provision, Subpart F, which goes into effect at the start of the fiscal year after the effective date.

**Award:** Financial assistance received directly from a Federal or non-federal sponsor that provides support to accomplish a purpose. The term award includes grants, cooperative agreements, contracts and other agreements in the form of money or property, by the sponsor to JHU.

**Contract:** A legal agreement used to procure goods or services; referred to as a subcontract if the award is a pass-through from a prime contract.

**F&A:** Otherwise known as indirect costs, “IDC” or F&A are costs incurred by the institution which support the research projects but are not specifically identified with a particular sponsored project. Institutions of higher learning and many non-profits have their indirect rate negotiated and set by and with the Government.

**Pass-through Entity:** A recipient of funding, but the assistance assigned to it may be “passed on” or “passed-through it” to another recipient.

**Prime Award:** A governing agreement between the recipient and the awarding agency.

**Purchase Order:** Used in cases of purchased services from an organizational entity but do not involve substantive, programmatic, or scientific research. For example, repetitive tests or activities requiring no

discretionary judgment on the part of the provider. Utilized in purchaser-vendor relationships involving the procurement of goods or services when detailed terms and conditions are not required. For subawards, the Purchase Order is the identifying number and must be included in subrecipient invoices.

**Sole Source:** A situation in the marketplace where there is clearly and legitimately only one source of supply that meets the necessary requirements. A sole source justification implies that any attempt to obtain bids would result in only one option.

**Subaward:** A legally binding executed agreement that transfers or delegates a portion of research or substantive intellectual effort of a prime award to another institution or organization. Subawards are not written to individuals. The term subgrant is used when the prime award is a grant and the term subcontract is used when the prime award is a contract.

**Subrecipient:** The recipient of a subaward awarded to a foreign or domestic organization (either a non-profit, educational institution, state or local government, or private industry) for the performance of a portion of the work statement covered by a prime agreement that is funded either directly or indirectly with sponsored funds. It does not include agreements with individuals for consulting services or purchase orders for equipment, materials or other services. A subrecipient receives an award of assistance from a pass-through entity and conducts its own scope of work. Also referred to as subawardee, subgrantee or lower-tier institution.

**Subrecipient Monitoring:** A UG and JHU compliance requirement which establishes that prime agreement awardees have the responsibility to monitor the activities of subrecipients in accordance with the governing agreement and federal, state and local laws, to assure that awarded funds are used for authorized purposes in compliance with the provisions of the agreement, and to ensure that performance goals are achieved.

## **B. Determining nature of relationship: Consultant v. Contractor v. Subrecipient**

Before entering into a relationship with another entity under a sponsored award in which the other entity will provide goods or services or substantive, programmatic work to JHU as the prime recipient of funding, a determination must be made as to the nature of the legal relationship of JHU and other entity. This classification will determine the type of legal agreement required to document the relationship. Properly classifying the relationship is essential because it determines the allocation of responsibilities and influences the appropriate application of indirect cost rates, and is critical to ensure proper accounting for costs and compliance requirements. The University follows the requirements in the UG to determine subrecipient or contractor status.

In the case of a subaward, it is incumbent upon the prime recipient (JHU) to ensure that subrecipients conduct their portions of research projects in compliance with all applicable terms and conditions of JHU's Prime Awards and that project costs incurred by subrecipients are reasonable and allowable. Agreements with contractors for the purchase of services, however, typically do not bind contractors to the full set of sponsor terms and conditions, and are subject to competitive bidding procurement practices, to assure that funds paid to contractors do not exceed fair market value.

It is important that the correct agreement determination is made early in the process of preparing a grant application, as F&A treatment and monitoring requirements for these types of agreements vary and will impact the award budget and, in some cases, the statement of work. In addition, if specified in the award terms and conditions, sponsor approval may be required prior to executing a subaward; sponsor pre-approval is less frequently required for JHU to enter into a contractor agreement for purchase of services. Both forms of agreement should have a clear purpose and cost.

Activities performed by private individuals who are not employees of JHU are normally administered through a "Contract for Personal Services Rendered by a Consultant/Independent Contractor." For further information on consultants and independent contractors, please refer to the Independent Contractors Guide issued by the

Office of the Controller, which can be found at:

<https://apps.finance.jhu.edu/policyapp/displayGuideContents.do?guidelId=IND>

In cases where purchased services from an organizational entity do not involve substantive programmatic or scientific research, a purchase request may be appropriate. An example would be the performance of repetitive tests or activities requiring no discretionary judgment on the part of the provider, or which are related to the administrative support of the federal assistance program.

A **subrecipient** relationship may be appropriate when many of the following factors are present:

- Substantive, programmatic work or an important or significant portion of the research program or project is being undertaken by the other entity.
- The research program or project is within the research objectives of the other entity.
- The entity participates in a creative way in designing and/or conducting the research.
- The entity retains some element of programmatic control and discretion over how the work is carried out.
- The entity commits to a good faith effort to complete the design or conduct of the research.
- The entity makes independent decisions regarding how to implement the requested activities.
- A principal investigator has been identified at the other entity and functions as a “Co-Investigator”.
- There is the expectation that the other entity will retain ownership rights in potentially patentable or copyrightable technology or products that it produces in the course of fulfilling its scope of work.
- Publications may be created or co-authored at the entity.
- The entity provides cost sharing or matching funds for which it is not reimbursed by JHU.
- The entity has responsibility for compliance with Federal program requirements.
- The entity regards itself, and/or is regarded by JHU, as “engaged in research” involving human subjects under the [Common Rule](#) and therefore requires approval for its interactions with human subjects.

Subawards should have a detailed scope of work and a budget that specifies salary, fringe, supplies, and other direct costs, as well as appropriate F&A costs consistent with the subrecipient’s indirect cost rate. Terms and conditions from a Prime Award are typically imposed on the subrecipient to the same degree that they are imposed on JHU as the prime recipient.

A contractor relationship may be appropriate when many of the following factors are present:

- The entity is providing specified services in support of, or ancillary to, the research program.
- The entity has not significantly participated in the design of the research or program itself, but is implementing the research plan or program activities of the JHU investigator.
- The entity is not directly responsible to the sponsor for the research, or program, or for determining research results.
- The services are performed in the entity’s normal course of business and marketed to a range of customers, both for-profits and non-profits.
- Little or no independent decision-making is involved in the design and conduct of the research or programmatic work being completed.
- The agreement only specifies the type of goods/services provided and the associated costs.
- The entity commits to deliverable goods or services which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.
- The entity does not expect to have its employees or executives credited as co-authors on papers that emerge from the research or programmatic work.
- The expectation is that the work will not result in patentable technology or copyrightable products that would be owned by the entity.

- In the case of an individual vendor of consulting services, the person has no employment relationship with JHU, either academic or administrative in nature.

It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or contractor. See Uniform Guidance Sec. 200.330. Further information regarding vendor procedures and relationships can be found at the Sponsored Shared Services Supply Chain website: <http://ssc.jhmi.edu/supplychain/policies.html>

Misclassification may result in delays of subaward processing, and failure to include or exclude Facilities and Administrative (F&A) costs will lead to significant errors in budget calculations. The Principal Investigator (PI), through the department's administrative official, is expected to provide detailed information about the proposed vendor or subrecipient as well as a final Statement of Work to JHURA so that an accurate determination can be made. Any questions or concerns about this process should be directed to JHURA.

### **C. Process**

1. Determinations are made on a case by case basis, ***at the proposal stage***, and a subrecipient determination form shall be completed for each entity. A determination for "TBD" organizations will still be made at proposal stage to be either a subrecipient or contractor based on a statement of work.
2. Before a proposal is submitted to an agency, JHURA will make the final determination, in consultation with the PI.
3. If organization is a subrecipient:
  - a. All parties will engage in discussions to ensure subrecipient can comply with all requirements.
  - b. If awarded, normal subaward process occurs, beginning with completion of the Subaward Request Form by the department, as described in this guide.
4. If organization is a contractor:
  - a. There will be no waiver of F&A on full amount.  
Contractor may be paid directly through a PO or if the department needs to manage deliverables, JHURA may draft a Contract Services Agreement, which will be managed similar to a subaward, but will be signed by Purchasing Director Paul Beyer, rather than JHURA, which is entered into the purchasing system through an ECPO created by the department, instead of a SPPO.

## II. Overview of the Subaward Process

### A. Administrative Process

Administrative responsibilities at various stages in the process are shared by the PI/department administration, JHURA and the Controller's Office/Shared Services as indicated:

- The subrecipient's proposal to perform a portion of the project's work generally is sent directly to JHU's PI, who reviews the proposal, determines whether the cost/price is acceptable (see Section IV.A.2, Cost and Price Analysis), and incorporates it into his or her prime proposal. The prime proposal is forwarded to JHURA, which examines it for form, policy adherence and sufficient detail.
- Subawards under prime government awards require competitive bidding or sole-source justifications for their selection (see Section IV.A.1). This documentation must be provided by the department/PI at the time of selection of the subrecipient to the sponsor if required at the proposal stage, or at the time the department prepares the subaward checklist. A copy should be sent to JHURA.
- New subrecipients must complete either a Domestic Subrecipient Questionnaire or a Foreign Subrecipient Questionnaire. These will be the basis for the risk classification mentioned below, along with any additional audit documents. Subawards to any new subrecipients will not be sent out until the questionnaire is received.

JHURA will establish a risk classification for a new subrecipient, which will specify the additional monitoring terms required for the subaward. Existing subrecipient risk ratings are posted on the Controller's website.

- ([https://apps.finance.jhu.edu/depts/frc/sub\\_risk\\_rating.html](https://apps.finance.jhu.edu/depts/frc/sub_risk_rating.html)).
- If required under FAR Clause 52.219-9 (subawards exceeding \$650,000 issued under federally funded prime awards) the department must obtain a Small Business Subcontracting Plan from the subrecipient.
- Once the prime award is received, the JHSPH department requests a 96 I/O from Finance via the Subaward Checklist Form, found on the JHURA website. Complete the top portion of the form to request an I/O. *At Homewood and Nursing, depts. Initiate a request for a 96 IO number through webforms ( an interface that oris supports). These forms are workflowed to SPSS for the 96 number and the Dept. is then notified of same.*
- The bottom portion of the Subaward Checklist Form is used by JHURA to initiate creation of a subaward. Departments should also create a shopping cart in SAP at this time.
- For modifications to existing subawards, an I/O request is not necessary. Complete only the bottom portion of the Subaward Checklist Form..
- JHU is required to advise subrecipients of requirements imposed on them by Federal laws, regulations, and the applicable provisions of the prime award as well as any supplemental requirements imposed.
- JHURA drafts and negotiates the subaward, and once finalized, the subrecipient signs and returns the partially executed copy to JHURA. JHURA has sole signature authority to enter into the subaward. Work should not begin until the subaward is fully executed and, if new, the PO# has been issued.
- Throughout the administration of the subaward, all award documentation and correspondence is maintained at JHURA. JHURA has the final signatory authority for all administrative aspects of the subaward.

- The PI is ultimately responsible for ensuring compliance by reviewing all invoices and the technical progress of work completed by the subrecipient, before payments are authorized. Each invoice requires completion of the “PI Certification for Payment and Performance Form” in order to be processed.
- JHU remains accountable to the prime sponsor for funds management and compliance by subrecipients.
- Upon completion of the subaward, all appropriate closing documents are completed by the PI and JHURA and forwarded to the sponsor. The complete file is retained by JHURA for a predetermined period of time to satisfy all audit requirements.
- A Subrecipient Annual Audit Request will be sent annually by the Controller’s Office, to subrecipients with JHU pass-through federal funding in excess of \$300,000 per fiscal year.
- In accordance with the terms and conditions of each subaward, all subrecipients shall make financial records available for review or audit by Federal agencies or JHU as requested..

## B. Roles and Responsibilities

<b>Principal Investigator/Dept</b>	<b>JHURA</b>	<b>SPSS/FRC/Controller’s Office</b>
Review subaward SOW for technical feasibility	Determine appropriate organization status and assign risk rating	Consult with JHURA regarding risk assessment when required
Perform cost and price analysis	Screen subrecipients to assure not debarred, suspended, OFAC restricted, or ITAR/Commerce restricted	Ensure receipt of all necessary subrecipient audit information
Provide competitive bid information or sole source justification	Draft, negotiate and execute subaward	Process invoices
Complete Subaward Checklist Form with all required information and attachments included	Final signature authority for all administrative actions including rebudgeting approval and subaward modifications	Approve and execute assignment and release forms at closeout
Monitor subrecipient technical performance; review and approve reports and deliverables	Collect additional closeout documents including final property and invention reports and assignment and release forms, as necessary	
Monitor subrecipient spending; review and approve invoices prior to payment, and financial reports including program income and cost sharing		
Confirm receipt of final technical report and all deliverables at closeout		

## III. Policy

## **A. JHU Responsibilities**

As a recipient of sponsored research funding, the University is required to ensure that funding is used for authorized purposes in compliance with applicable grant and contract terms, Federal and State regulations and University policies and procedures. As a pass through entity, JHU remains ultimately responsible and accountable to the prime sponsor for funds management and compliance by its subrecipients.

To satisfy the requirements of the UG, it is the responsibility of prime recipients of sponsored funding to advise subrecipients of requirements imposed on them by laws, regulations, and the provisions of contracts or grant agreements, and any additional requirements imposed.

Under the Federal Funding Accountability and Transparency Act (FFATA), prime recipients of federal funding are required to report subawardee information to the FFATA Subaward Reporting System (FSRS). Specifically, on federal grants and contracts, subawards \$25,000 and over must be reported. The data required to be submitted includes the DUNS number for subawardees..

The terms of the subrecipient relationship shall be thoroughly documented in an agreement executed by JHURA and by an authorized representative of the subrecipient organization. t A high risk subrecipient, is required to submit general ledger back up for each invoice.

Foreign subrecipients who receive a cost reimbursement subaward from JHU under a Federal award will also receive a "Subrecipient Welcome Packet", which provides guidance on financial compliance with federal regulations and JHU policies. The Welcome Packet includes best practices, good financial principles, and sample worksheets for accounting for costs.

## **B. Advance Payments**

The University's preferred method of payment to a subrecipient is on a cost reimbursable basis. In situations where subrecipient entities lack sufficient capital, and the request has been approved by the respective Divisional Business Office, advances can be made. Contact Financial Research Compliance for more information. When a prime award explicitly approves an advance payment, ***federal regulations limit the advance to only funds for immediate need, which they define as 30 days***. Documentation of determination of immediate need should be retained in department files. General ledger detail is required for each invoice/reconciliation report in order to confirm the advance was properly expensed. In addition, the subrecipient is required to deposit funds into an interest-bearing account, and remit interest earned over \$250 per entity to JHU. JHU's FRC office will then remit interest to the government.

Advanced payments are allowable on non-federal prime awards. For initial advance payments of more than 20% of subaward value, written approval from the department chair is required.

## **C. Audits**

The Controller's Office (Office of Financial Research Compliance) is responsible for obtaining and reviewing annual audit reports for the subrecipients

Subrecipient entities are required to make financial records available for review or audit by Federal agencies or pass-through entities as requested, under the terms and conditions of their subrecipient agreement.

## **D. Subrecipient Monitoring**

The PI is ultimately responsible for ensuring compliance by reviewing all invoices and the technical progress of work completed by the subrecipient, before payments are authorized. The PI is also responsible for monitoring

requests for rebudgeting and reviewing the technical and financial reports of the subrecipient. The PI shall work with JHURA to request additional subawards or modifications if increases or decreases in time and/or support, or changes in the Scope of Work, are necessary for the collaboration.

JHU, as prime awardee, must maintain records of the receipt and disposition of all related program income generated by sponsor-funded activities and verify how cost sharing commitments are met. Accordingly, the subrecipient shall include the receipt of program income and cost sharing documentation, if applicable, on invoices and financial reports submitted to JHU.

When JHU departments have a field office that monitors subrecipients in a foreign country, the Chief of Party for that field office must certify annually that they are in compliance with all U.S. and country laws and regulations, and are not aware of any fraud.

## IV. Procedures

### A. Preaward/Proposal Stage

#### 1. Selection of Subrecipient

The PI is responsible for the due diligence involved with selecting a potential subrecipient **before the subaward is requested from JHURA**. It is the responsibility of the PI to ensure that the selection of a subrecipient is conducted in a manner to provide, to the maximum extent practical, open and free competition. The easiest way to do so is to competitively bid the work to be subcontracted out, which is appropriate when multiple possible sources exist for the work to be performed. Solicitations for proposals from possible subrecipients shall be based upon a clear and accurate description of the technical requirements for the service to be provided and should clearly set forth all requirements that the offeror must fulfill in order for his or her bid to be evaluated by JHU. Subsequent awards to subrecipients should be made to the offeror whose bid is most responsive to the solicitation and is most advantageous to JHU, price and other factors considered, including that the proposed subrecipient is technically qualified. Positive efforts also should be made to utilize small business and minority owned business sources.

<b>Steps for Competitively Bidding a Portion of your Research Project</b>
1. Collect ROEs (Rough Orders of Estimate) from all qualified entities.
2. Narrow the bidders based on those ROEs and submit to each a RFQ (Request for Quote) which includes specifications for the work. Include the financial questionnaire if necessary.
3. Collect responses and choose the appropriate entity based on a number of criteria, not just cost or price.
4. Document every step of your process for audit.



In cases where the nature of the program is collaborative with one or more outside entities, such collaboration should be clearly identified at the proposal stage. If the project requires performance from a single source because the required services or expertise are not available from other sources, the PI is required to provide sole source justification, identifying the need for the particular services and why the selected subrecipient is the only source available for those services.

<b>Sole Source Justifications Must Include:</b>
• Specific description of the supplies and services required to meet the needs
• A statement of facts that show the unique qualifications of subcontractor to meet those needs
• A description of efforts made to locate other sources of supply
• Documentation that the anticipated cost is fair and reasonable
• Any other information supporting the use of other than full and open competition



If subrecipient is a foreign entity, for-profit or small non-profit, a determination of the following must be made before deciding to engage them as potential recipients of federal funding:

- Are they qualified to receive Federal funds?
- Do they have internal controls in place to manage and track the funds?
- Have they ever received Federal funds?

A subrecipient questionnaire is used to gather this and other financial and accounting information about an organization to determine if the potential subrecipient is an organization with whom JHU should do business (see Appendix).

In the case of subawards on prime government contracts, JHURA requires that documentation concerning the selection (from a competitive bidding process or a sole source written justification) be included in the Subaward Checklist Form.

## 2. Cost and Price Analysis

The PI is responsible for conducting and properly documenting a cost and price analysis when selecting a subrecipient, both when competitively bidding and when using a sole source. Cost and price analysis is required to be performed each time a subrecipient is proposed or selected, in accordance with the UG. The PI will ultimately determine the appropriate price for the required services. Prior to selection, the PI may contact JHURA to determine whether or not the potential subrecipients are debarred or suspended from receiving federal funds.

Cost or Price Analysis should be done **at the proposal stage**, before a subaward is proposed.

<b>Questions to Ask in Performing a Cost and Price Analysis</b>
• Have multiple quotes been received and compared for the services?
• Has cost/price been compared to similar services available in the marketplace/industry?
• Has the subrecipient provided a copy of their indirect cost rate agreement?
• Have costs been evaluated for reasonableness, allocability and allowability?
• Have details been provided in response to the questions above?

Cost Analysis - the review of separate elements of cost and supporting data. Required for cost-reimbursement subawards.

- Review of each cost element and supporting information
- Determine whether each cost is necessary and reasonable
- Evaluation of cost trends and reasonableness of estimates
- Evaluate the application of audited and negotiated F&A rates, labor rates, etc.
- Comparison of proposed subrecipient costs with:
  - Actual costs previously incurred by subrecipient;
  - Previous cost estimates from the subrecipient or other subrecipients for similar items;
  - Other cost estimates received in response to the solicitation; or
  - Independent estimates by technical personnel

Price Analysis - the review of the entire contract price without looking at individual items of cost. Appropriate when there is adequate price comparison. Required for fixed-price subawards.

- Used to evaluate the total price under fixed price awards (
- The review of the full price of the subaward without evaluating the individual cost elements
- Evaluate based on price comparisons:
  - Competitive bids
  - Published price lists

- Compare to cost estimates
- Market research
- Historical data/experience

### 3. Incorporating the Subrecipient Proposal into the Prime Proposal

#### Statement of Work:

The PI and the subrecipient negotiate the Statement of Work (“SOW”) for the subaward and it is included as part of the proposal submitted to the prime agency. The Statement of Work should be a concise narrative abstract of the work to be undertaken by the subrecipient. It is imperative that SOWs are clear. The majority of disputes involving a subrecipient are the direct result of an unclear SOW.

In the case of a fixed price subaward, the Statement of Work should also contain performance standards and deliverable/milestone schedules. Again, it’s very important that the schedule is clear: they must list *how much* will be paid *when* for *what*. If you list deliverables in the SOW, those same deliverables should be included in your schedule.

Guidelines for the development of Statements of Work and deliverable schedules are attached as an Appendix.

#### Budget:

The costs related to subawards are included in JHU’s direct cost portion of the prime proposal. When the anticipated subaward will be cost reimbursement, a separate subaward budget should be attached within the JHU proposal, providing a detailed breakdown of budget categories, such as salaries, wages, fringe benefits, materials, supplies, equipment, travel and other direct costs that are required in order to accomplish the specific aspects of the research that the subrecipient has been requested to perform. Percentages of effort for personnel should also be included. Indirect costs and fringe benefits should be calculated using the subrecipient’s negotiated rate agreement, which must be submitted as part of the subrecipient’s proposal. If cost sharing is required, the percentage and amount required should also be included in the subrecipient’s budget. JHURA will review the subrecipient budget for overall reasonableness in light of the proposed activity.

When the anticipated subaward will be fixed price, a cost/price analysis must be completed by the department prior to submitting the JHU proposal to the sponsor (see previous section). The fixed price amount can be listed as a single line on the JHU proposal budget, and described in the budget justification.

Some sponsors limit foreign subrecipients, or organizations without a federally negotiated rate agreement, from recovering indirect costs. Non-Federal Entities (see definition at 2 CFR 200.69) without a federally recognized indirect cost rate may elect to charge a de minimis indirect cost rate of 10% of modified total direct costs (MTDC), which may be used indefinitely. The department should review the sponsor rules to ensure all costs included in the subrecipient’s budget are allowable under the applicable federal rules and regulations. When including budgets for foreign subrecipients, all amounts must be listed in U.S. dollars (USD).

#### Other Documents

A Letter of Intent, signed by a designated business official of the subrecipient, may be included as part of the subrecipient’s proposal. This individual should be someone who is authorized to commit the subrecipient’s time and resources toward the work described in the subrecipient’s proposal. For fixed price subawards, the subrecipient shall include a statement providing indicating that the attached quote will remain valid for a minimum of six (6) months from date of their proposal.

If required under FAR Clause 52.219-9, JHU must also obtain a Small Business Subcontracting Plan from the subrecipient and incorporate the Plan into the prime proposal when the total subrecipient budget will be \$650,000 or above over the life of the project.

JHURA reviews the subrecipient’s proposal to determine compliance with solicitation instructions and federal and/or sponsor guidelines. Under federal law, agreements should be made only with responsible contractors

who possess the potential ability to perform successfully under the terms and conditions of the proposed subaward. Consideration is given to matters such as subrecipient integrity, record of past performance, financial and technical resources and accessibility to other necessary resources. An online database is available to JHURA for checking the status of potential vendors and contractors to assure the organization is not debarred or suspended from receiving federal funds and to assure that the subrecipient is not otherwise considered a restricted party.

JHURA is responsible for ensuring that an analysis of the subrecipient's proposed budget or price has been performed by the PI. This is generally accomplished by review of the budget justification included in the proposal. Evaluation and verification may be necessary for each element of the cost/price to determine reasonableness, allocability and allowability.

At this stage of the proposal process, JHURA may require the subrecipient to submit a Certificate of Current Cost or Pricing Data, if applicable (subawards of \$700,000 and over on federal proposals).

The procedures outlined above are designed to accommodate the majority of subawards prepared by JHURA. In some cases, however, it may be necessary to issue a subaward which was not planned for or listed in the contract proposal. In such instances, these guidelines shall be followed as closely as possible and in consultation with JHURA.

#### DUNS Number for Subrecipients

For subagreements governed by the FFATA law (Federal Sponsors over \$25,000), a DUNS (Dun & Bradstreet) number is required for each subrecipient, including foreign subrecipients, for regulatory compliance and reporting purposes. Dun & Bradstreet (D&B) provides a DUNS Number (Data Universal Numbering System), a unique nine digit identification number, for each physical location of a business. See [fedgov.dnb.com](http://fedgov.dnb.com)

New DUNS numbers should be sent to the requesting party within a week. JHURA has sole responsibility for entering relevant FFATA data into the FFATA Subaward Reporting System (FSRS).

### **B. Subaward Negotiation Stage**

#### 1. Submission of a Subaward Checklist Form

Once a fully executed prime award is received from the sponsor, the department completes a Subaward Checklist Form, available on the JHU website, which is also used to request a "96" I/O from the Office of Financial Operations for a new subaward. (Homewood and Nursing divisions will utilize the Webform system to request a "96" I/O from Sponsored Projects Shared Services.) This form needs to be fully completed, with all appropriate attachments included. Based on the information provided on the form, JHURA drafts a subaward to the subrecipient.

Each sponsor has its own approval requirements regarding subawards. In some cases, approval is required for all subawards. This approval is often implied if the subaward was incorporated as part of the approved prime proposal budget. In certain instances, however, the sponsor's cognizant administrative official may require either the approval of the subaward document itself prior to execution or the provision of a copy of the executed document.

If the subrecipient is one with whom JHU has not previously done business, JHURA will require a completed/uploaded Foreign Subrecipient Questionnaire or Domestic Subrecipient Questionnaire, (see Appendix). JHURA will request a copy of the most recent A-133 audit or recent audited financial statements, as applicable. Together, this documentation is used to assess the risk level of doing business with the

subrecipient. JHURA will also require a completed Subrecipient Determination Form, (see Appendix), signed by the PI, for all new subaward requests if the form has not previously been provided.

## 2. Risk Assessments

JHURA shall establish a risk classification for each new subrecipient and communicate the rating to Financial Research Compliance, PI and department.. Such subrecipient classification shall specify the additional monitoring that may be required in the subaward. FRC maintains a Subaward Risk Assessment Spreadsheet. The process for completing the risk assessment will include:

- Consulting the initial Subaward Risk Assessment Spreadsheet;
- Reviewing the Foreign or Domestic Subrecipient Questionnaire;
- Reviewing last two years of A-133 audits or financial statement audits

Contingent upon the specific subrecipient organization risk classification and the nature of the work proposed, JHU resources are focused on monitoring the subrecipients who demonstrate the greatest potential for non-compliance.

The following factors will be considered during the risk classification process: There are two classifications of risk: HIGH and LOW

<b>Risk Factors to Consider</b>
▪ Prior, favorable experience with the organization and staff
▪ Subrecipient membership in the Federal Demonstration Partnership
▪ Award size
▪ Prime award terms & conditions and applicable regulations
▪ Subrecipient is a foreign entity and/or performance location is foreign
▪ Foreign performance site has additional compliance requirements
▪ Subrecipient has a history of compliance problems as a recipient or subrecipient
▪ Subrecipient will use a lower-tier contractor
▪ Subrecipient has well documented procurement guidelines, policies and procedures
▪ Start-up or for-profit status
▪ Subrecipient has policy and process to assure compliance with federal conflict of interest regulations
▪ Amount of Federal funding subrecipient has received
▪ Subrecipient audit

High Risk is defined as all foreign subs, domestic subrecipients without a formal compliance audit, entities with no prior JHU work history and entities who received less than \$1m in federal funding in either of the last two years.

All other subs would be deemed low risk, and are usually, other domestic universities and established, larger domestic not for profit organizations.

All high risk subs must include the high risk language . “Each invoice must be accompanied by a progress report, and: (i) be sequentially numbered; (ii) indicate the date(s) of performance by the Subrecipient; (iii) state the JHU Purchase Order number, the title of the project and the name of the JHU Principal Investigator; (iv) itemize costs in detail, in accordance with the Subagreement budget; (v) include both current costs and cumulative costs ; (vi) include the Subrecipient certification, with authorized official’s signature, that costs are appropriate and accurate and that payment has not yet been received; and (vii) ) be supported by a general ledger report originating directly from the Subrecieipient’s financial record keeping system. JHU may request supporting documentation in certain categories prior to or subsequent to approving the invoice. Supporting

documentation includes, but is not limited to, travel receipts, purchase orders, invoices for services or supplies, or time records. All supporting documentation shall be retained and provided by Subrecipient to JHU upon request in accordance with Article 13. "High risk language should include a review of general ledger (GL) with every invoice submission and detailed general ledger review at least twice a year.

### 3. Drafting the Subaward

The prime award is reviewed by JHURA to determine any budgetary constraints; whether the terms and conditions that are included in the prime award (special provisions) are applicable to the subrecipient; whether any general provisions incorporated into the prime award are required to be flowed down to the subrecipient; and whether there are any certifications required of the subrecipient.

A subaward is drafted which is consistent with the terms and conditions of the prime award (type and provisions of award) and which is appropriate for the specific subrecipient (i.e. non-profit v. profit; risk category). Only JHURA is authorized to enter into negotiations with the subrecipient and execute the final subaward agreed to between the parties.

Applicable general provisions of the prime award must be incorporated into the subaward.

<b>PRIME AWARD TYPE</b>	<b>PRINCIPLES &amp; PROCEDURES THAT APPLY:</b>
Federal Government Grant	Code of Federal Regulations Terms & Conditions of the Prime Agreement
Federal Government Contract	Federal Acquisition Regulations (Title 48 of CFR) Terms & Conditions of the Prime Agreement
Private Sponsor	Sponsor Requirements Terms & Conditions of the Prime Agreement Generally accepted accounting standards or Government Accounting Standards

All applicable terms and conditions, special provisions and certifications detailed in the prime awards are required to be passed through to the subrecipient. These terms are included in the subaward (e.g. Cost Sharing, Program Income, Intellectual Property and Publications). Additionally, JHURA should review and confirm compliance with Conflicts of Interest or Conflicts of Commitment regulations.

As required by the UG, the subrecipient shall be informed of the prime award Catalog of Federal Domestic Assistance (CFDA) title and award name, award number (FAIN), award year, award type, prime sponsor, subrecipient name, subrecipient DUNS number, subaward period of performance start and end date, amount obligated, total amount of federal award, project description, name of federal awarding agency, whether the award is R&D, and indirect cost rate in accordance with UG 200.331.

The subaward will also include certifications for research involving the use of human subjects or vertebrate animals, conflicts of interest, debarment and suspension, research compliance and compliance with other flow down requirements by the subrecipient organization, as necessary. For all subawards written on DHHS prime awards, additional Conflict of Interest language is included which requires subrecipients to have an enforced Conflict of Interest policy, and requires all conflicts to be reported to JHU. No DHHS funds may be used by a subrecipient until all conflicts are adequately managed.

### 4. Subaward Payment Type

During your discussions with potential subrecipients, anticipated payment mechanism should be raised. Generally we issue subawards as either a cost-reimbursement subaward or a fixed-price subaward. Cost

reimbursement subawards should be used when the work is general and few, if any, deliverables are anticipated other than progress reports. Fixed price subawards may be used when specific, well-defined deliverables are listed in the statement of work. Under the new UG, fixed price subawards of over \$150,000 per action are prohibited. Fixed price subawards that fall below this threshold must be approved by the Prime Sponsor prior to issuance. (See 2 CFR 200.332 and 200.201) Cost reimbursement subawards involve much more monitoring of performance and cost during the life of the project, and each invoice must be analyzed for reasonableness and for determining whether adequate work is being completed. With fixed price subawards, due diligence is done at the proposal stage through a price analysis, and invoices are paid only when deliverables are received and approved.

<b>Cost Reimbursement (CR)</b>	<b>Fixed Price (FP)</b>
<ul style="list-style-type: none"> <li>Provides for payment of allowable incurred costs to the extent permitted in the prime award</li> </ul>	<ul style="list-style-type: none"> <li>Provides for a price that is not subject to any cost adjustment on the basis of the subcontractor's experience in performing the contract</li> </ul>
<ul style="list-style-type: none"> <li>Establishes an estimate of total costs for the purpose of obligating funds and establishes a ceiling that the subrecipient may not exceed</li> </ul>	<ul style="list-style-type: none"> <li>Provides for the maximum incentive for the subcontractor to control costs and perform the work plan in the most effective manner</li> </ul>
<ul style="list-style-type: none"> <li>Work cannot be precisely defined or cost precisely estimated</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate if there can be a clear work scope, solid cost estimate and well-articulated deliverables</li> </ul>
<ul style="list-style-type: none"> <li>Allows greatest flexibility (add \$ or time and perform work within scope until funds/time are exhausted)</li> </ul>	<ul style="list-style-type: none"> <li>Lower administrative burden for JHU</li> </ul>
<ul style="list-style-type: none"> <li>Common for other educational institutions, hospitals, and non-profits</li> </ul>	<ul style="list-style-type: none"> <li>Common for foreign entities and for-profits. May be appropriate for small entities</li> </ul>

#### Cost Reimbursement:

Why might you want to issue one?

- SOW cannot be sufficiently detailed at start to create specific milestones
- Cost analysis at proposal stage is easier
- More control over spending – can monitor by budget line item

Why might you *not* want to issue one?

- More onus on PI to ensure continued performance
- Increased reconciliation and financial reporting required
- If Subrecipient runs out of money, they aren't required to continue working

#### Fixed Price:

Why might you want to issue one?

- Subrecipient has freedom to rebudget within funding ceiling
- Limited financial reporting - less administrative burden, no reconciliations
- Risk is on Subrecipient to provide all work within established price
- Effective way to provide initial funds to cash-strapped organizations
- Payments tied to deliverables provide incentive to complete work

Why might you *not* want to issue one?

- Comprehensive price analysis needs to be done upfront, before subaward is issued

- SOW and deliverables/milestone schedule needs to be specific and detailed; the more milestones, the better
- Modifications on price cannot occur unless there is a corresponding increase in SOW tasks/deliverables
- Subrecipient must perform work for a fixed price – if they run out of money, they may lose incentive to complete performance

On rare occasion, a subaward can include elements of both cost reimbursement and fixed price. If the project is large and ongoing, JHURA can issue a master agreement and issue specific Task Orders for work. Task Orders under the same master agreement can be either cost reimbursement or fixed price, depending on the type of work.

Keep in mind that the subaward type does not have to match prime award type – JHURA can issue a fixed price subaward on a cost reimbursement prime award, and vice versa. Cost and/or price analysis, subrecipient risk assessment, and subrecipient statement of work should determine subaward type.

## 5. Human Subjects Research Conducted in Subaward

If the subrecipient's research plan involves human subjects research, JHU is "engaged in human subjects research" whether the PI is conducting the research or merely flowing money to an entity conducting the research. As such, the PI should contact the appropriate Institutional Review Board well in advance of requesting a subaward to assure that IRB approval is obtained.

### **C. Negotiating the Subaward**

JHURA exercises final approval rights and issues and executes all subawards and modifications. To ensure that subrecipients conduct their portions of research projects in compliance with laws, regulations and that project costs incurred are reasonable and allowable, the subaward will outline the expectations and requirements of JHU as the prime recipient and the subrecipient.

Any changes or modifications to the subaward shall be approved and executed through JHURA. This includes all JHU PI/departmental and subrecipient requests for rebudgeting, foreign travel, equipment purchases, subrecipient PI changes, lower tier subawards and the hiring of consultants.

JHURA will keep contract documentation, stored in Oculus, in accordance with the University's Records Retention guidelines. Information about records retention is available online at:

[http://www.controller.jhu.edu/acct\\_recon/acct\\_reconciliation\\_guide/Chapter\\_2\\_Reconciliation\\_Guidelines.pdf](http://www.controller.jhu.edu/acct_recon/acct_reconciliation_guide/Chapter_2_Reconciliation_Guidelines.pdf)

### **D. Subaward Administration**

#### 1. JHURA Subaward Monitoring Responsibilities

JHURA holds final approval rights in the administration of the subaward. This includes requests for approval for rebudgeting, foreign travel, the purchase of equipment, and the hiring of consultants. JHURA will consult with the PI before approving or rejecting such requests. Sponsor approval may be necessary for certain changes.

During the course of the subaward, it may be necessary to issue subaward modifications. JHURA is responsible for the issuance and execution of all subaward modifications.

#### 2. PI Subaward Monitoring Responsibilities



The PI holds final approval rights for all technical components of the subaward. The PI is responsible for reviewing subrecipient invoices, and providing payment approval via a “PI Certification for Payment and Performance” form, signed by the PI and included with each invoice. This enables the PI to monitor the rate of expenditure to determine if costs are reasonable, confirm that the work is progressing as planned and in accordance with spending, and if there will be sufficient funds for the duration of the project. The PI is responsible for monitoring all work in progress. Generally this will entail informal contact between investigators, although it may be desirable to request monthly or quarterly technical reports in the subaward document if the PI deems necessary. The PI should ensure compliance with the reporting requirements and inform JHURA if he or she needs assistance in attaining compliance from the subrecipient. For audit purposes, documentation of any communication with the subrecipient during the course of the subaward should be maintained.

Prior to issuing a subaward modification, the PI must determine if the proposed modification will involve a change in scope of work or objectives which will impact the project. In such a case, JHURA may be required to obtain sponsor approval prior to issuing a subcontract modification.

### 3. Communication with Subrecipient

Information contained in the subaward states the deliverables required, administrative requirements and applicable laws and regulations with which the subrecipient must comply. This agreement and the referenced prime award define the subrecipient relationship. The PI and any designees administering the subaward should be familiar with the terms and conditions of the agreement. Communication should continue throughout the collaboration through telephone calls, emails, letters and site visits, as necessary and documented. Any potential conflicts or issues regarding noncompliance should be immediately brought to the attention of the PI and JHURA.

In the event of noncompliance, nonperformance, or inadequate performance by the subrecipient, the PI should immediately contact JHURA to discuss possible courses of action, which may include withholding payment, suspending work, or terminating the subaward. Notice of such actions can only be issued by JHURA, and the PI and/or department should not discuss such possibilities with the subrecipient without first speaking with JHURA because of potential legal implications.

### 4. Invoice and Payment Processing

When approving invoice payments to subrecipients on cost reimbursable subawards, the validity of expenses must be verified along with achievement of scientific and technical progress by the PI or department designee. This verification should be indicated by the responsible party signing and dating every invoice. Furthermore, detailed review of the time period being invoiced is important since the majority of advance payments are prohibited. Departments are encouraged to request and review general ledger detail for each invoice to confirm the validity of expenses, however, general ledger detail shall be required with high risk subrecipients.

When approving invoice payments to subrecipients on fixed price subawards, it is essential that the PI confirms that the subrecipient has completed satisfactorily all work required for a particular payment, and all deliverables and reports were submitted by the subrecipient and accepted by JHU.

Each approved invoice must be accompanied by a “Subrecipient Payment and Performance Certification” form, signed by the PI. See the Appendix for a copy of the form. **Invoices should not be approved if subrecipient work was not performed, was performed unsatisfactorily or substandard, or was not accepted.** Each certification form should be scanned and uploaded into SAP so that invoices can be processed.

Be sure all subrecipient invoices include the following standard data elements:

## Checklist of Required Information for Subrecipient Invoices

<b>Checklist of Required Information for Subrecipient Invoices</b>	
<input type="checkbox"/>	Name of the subrecipient
<input type="checkbox"/>	JHU Purchase order number
<input type="checkbox"/>	Date of the invoice
<input type="checkbox"/>	Invoice number and project title
<input type="checkbox"/>	Period of performance covered by the invoice*
<input type="checkbox"/>	Description of work performed and/or deliverables completed during the invoice period of performance
<input type="checkbox"/>	Invoice amount requested
<input type="checkbox"/>	Breakdown of costs in accordance with expenditure categories*
<input type="checkbox"/>	Previous, current period costs and cumulative project costs*
<input type="checkbox"/>	Cost sharing, if applicable
<input type="checkbox"/>	Program income generated, if applicable
<input type="checkbox"/>	Cash balance & interest earned (for advanced payments)
<input type="checkbox"/>	Contact person for invoice questions
<input type="checkbox"/>	Certification as to the truth and accuracy of the invoice, such as: "As an authorized representative of the organization, I certify that all Deliverables and required work product due to date have been submitted, and expenditures reported (or payments requested) are for appropriate purposes and in accordance with the Statement of Work, Approved Budget and other requirements as set forth in the Subagreement."

\*This information is not required on fixed price or fixed fee agreements.

In addition, invoices should be reviewed for financial accuracy, which include the following:

<b>Subrecipient Invoice Review for Financial Accuracy</b>	
<input type="checkbox"/>	Expense in line with budget category amounts
<input type="checkbox"/>	Amounts aren't round dollars solely based on a percentage of budget
<input type="checkbox"/>	Previous expense + Current expense = Cumulative expense for each budget category
<input type="checkbox"/>	Column totals equal the amount of individual column amounts in total
<input type="checkbox"/>	Fringe cost are in line with salary expense for the agreed upon fringe rate
<input type="checkbox"/>	Facilities and Administrative (F&A) costs are in line with applicable costs for the agreed upon F&A rate
<input type="checkbox"/>	Period of performance invoiced is not in advance of the current calendar date unless immediate cash needs are being met. If so, cash balances and interest must be tracked and reconciled before additional payments can be made

As mentioned, high risk subrecipients with cost reimbursable awards must submit a general ledger (GL) detail with every invoice. Summary review should be performed by comparing GL detail to the invoice amounts. Review should be performed at the sponsor class level (i.e. salaries, supplies, equipment, travel, F&A, etc.), total amount invoiced should be compared to the total per GL. Any discrepancies from this review should prevent invoice from being approved. Discrepancies should be resolved with the subrecipient and follow up actions properly documented.

For high risk subrecipients, detail review should be conducted twice a year, which includes summary review described above, detail review of selected line items to confirm if the cost are allowable, allocable, reasonable,

approved in budget or within rebudgeting criteria as it relates to the terms and condition of the award and agency guidelines. Discrepancies from this review may trigger a desk audit, which is 100% review of expenses and corresponding supporting documentation for selected invoice. This may also include review of F&A agreement, time cards, effort, reporting, receipt for supplies and travel, etc. If issues are encountered, the subrecipient can be required to provide additional backup documentation, or other steps can be taken to ensure financial compliance. If you discover any issues during a desk audit of your subrecipient, please contact the Controller's office immediately.

Failure by the subrecipient to submit any deliverables or required reports by the due date or an invoice with inadequate information is considered just cause for JHU to withhold any payments due or terminate the subaward. Incomplete invoices should be rejected by the PI and a new invoice should be obtained or additional information may be attached to the original invoice. No subaward invoices should be approved if the review notes discrepancies; these discrepancies and any other questions should be addressed directly by the PI and JHURA for resolution.

#### 5. Program Income and Cost Sharing

JHU, as the prime awardee, must maintain records of the receipt and disposition of all grant related income generated by sponsor funded activities and documentation regarding how cost sharing obligations are met, if applicable. The subrecipient shall maintain appropriate records to support JHU in fiscal compliance and responsibility under the prime award. The subrecipient shall include the receipt of program income and cost sharing on invoices submitted to JHU.

#### 6. Annual Subrecipient Monitoring (Compliance reports)

Tracking the status of subrecipients for the completion of audit reporting status shall be coordinated by Financial Research Compliance in the Controller's Office.

##### Risk Monitoring:

A Subrecipient Annual Audit Request (see Appendix) will be sent annually to University subrecipients w by the Controller's Office. Upon receipt of the completed Subrecipient Annual Audit Request, the Financial Research Compliance office will coordinate on-going risk management initiatives.

#### 7. Close Out of Subawards

JHURA reviews the subaward to determine what closing actions and documents are required from the subrecipient. The following reports are typically required for closeout within 60 days of termination:

- Final technical report – sent to PI
- Final equipment report – requested by department if necessary
- Final patent report – sent to JHURA
- Final voucher – sent to PI
- Release documents – requested by JHURA if necessary

The PI is responsible for seeing that an acceptable final report and all deliverables are received from the subrecipient. If there is a problem getting a final report from the subrecipient, the PI should engage the assistance of JHURA. The PI reviews and approves the final invoice for authorization of the final payment to the subrecipient. The department performs a final desk audit of expenditures and, if necessary, may request that there be a full audit of the subaward. The department and JHURA each retain the file for a predetermined period of time to satisfy all audit requirements.

The subrecipient award closeout process shall begin promptly upon the conclusion of the period of performance. Final invoices must be submitted to JHU in accordance with the time period specified in the subaward. Deliverables include audit documentation, performance reports, technical reports, financial reports, final invoices, property and invention reports, and Contractor's Release forms. Final payments to subrecipients shall not be approved until all closeout documents and deliverables have been received and approved by JHU.

## V. Divisional Subaward Procedures

<b>JHSPH Subaward Process Summary</b>
1. Department submits Subaward Checklist Form for "96" IO (if new) and to initiate a new subaward or the modification of an existing subaward.
2. Finance reviews IO request against sponsored award documentation. If Finance discovers discrepancies or has questions they will request clarification from the department.
3. SPSS establishes "96" IO and sends email confirmation to department, Finance and JHURA.
4. JHURA, Finance and department receive notification of subaward IO creation from Shared Services.
5. Department initiates shopping cart using type SPPO.
6. SPPO shopping cart is workflowed to JHURA for review.
7. Subaward Manager assigns Checklist Form to responsible staff.
8. JHURA utilizes information from Checklist Form to create new subaward or subaward modification.
9. Ensure all required uploads are attached, including financial subrecipient questionnaire.
10. JHURA assess risk and provides risk rating.
11. Any questions or requests for missing information are sent to the department contact listed on the Checklist Form.
12. When complete, the subaward is emailed to subrecipient for signature.
13. Once partially executed subaward has been received by JHURA, it is processed for JHU signature.
14. The Subaward Specialist reviews the shopping cart corresponding to the subaward to confirm recipient and amount. The shopping cart is approved or rejected.
15. Approved shopping carts are routed to Purchasing for final approval and become purchase orders after their approval; rejected shopping carts are sent back to department. Approved modifications are updated in system by Subaward Specialist-- increases PO by adding a new line to PO ; emails a copy of the fully executed agreement to the department and Subrecipient
16. For new subawards, Subaward Specialist confirms PO# and notifies department and subrecipient of the number and emails a copy of the fully executed agreement.
17. The fully executed subaward is then scanned into Oculus under the RA Subagreement profile. The original hard copy is maintained in JHURA's files.
18. Departments are responsible for processing invoices and financial reports once PI approves activity.
19. Approved invoices are sent to Accounts Payable with PI Certification Form for processing.
20. Upon termination of a subaward, department contacts JHURA via email to remove PO encumbrance (if necessary). JHURA reviews request and removes encumbrance through delegated buyer role.

<b>Homewood Subaward Process Summary</b>
1. Department submits Subaward Checklist to initiate a new subaward or the modification of an existing subaward. Ensure all required uploads are attached, including financial subrecipient questionnaire, subaward determination form if not in Coeus, budget, SOW, rate agreement.
2. Subaward AD assigns Checklist Form to responsible staff.
3. Department completes Webform to request "96" IO if new.
4. SPSS establishes "96" IO and sends email confirmation to department and JHURA.
5. Department initiates shopping cart using type SPPO if new.
6. SPPO shopping cart is work-flowed to JHURA for review.
7. JHURA utilizes information from Checklist Form to create new subaward or subaward modification.
8. JHURA assesses risk and provides risk rating, confirming with Controller's office.
9. Any questions or requests for missing information are sent to the department contact listed on the Checklist Form.
10. When complete, the subaward is emailed to subrecipient for signature.
11. Once partially executed subaward has been received by JHURA, it is processed for JHU signature.
12. If new, the Subaward Specialist reviews the shopping cart corresponding to the subaward to confirm recipient and amount. The shopping cart is approved or rejected.
13. Approved shopping carts are routed to Purchasing for final approval and become purchase orders after their approval; rejected shopping carts are sent back to department. Approved modifications are updated in system by Subaward Specialist-- increases PO by adding a new line to PO ; emails a copy of the fully executed agreement to the department and Subrecipient
14. For new subawards, Subaward Specialist confirms PO#, adds the number to the subaward and notifies department and subrecipient of the number and emails a copy of the fully executed agreement.
15. The fully executed subaward is then scanned into Oculus under the RA Subagreement profile. The original hard copy is maintained in JHURA's files.
16. Departments are responsible for processing invoices and financial reports once PI approves activity.
17. Approved invoices are sent to Accounts Payable with PI Certification Form for processing.
18. Upon termination of a subaward, department contacts JHURA via email to remove PO encumbrance (if necessary). JHURA reviews request and removes encumbrance through delegated buyer role.
<b>School of Nursing Subaward Process Summary</b>
1. SON SrRSA submits Subaward Checklist to initiate a new subaward or the modification of an existing subaward. Ensures all required docs are attached, including where applicable, financial subrecipient questionnaire, subaward determination form, budget, SOW, rate agreement.
2. Associate Director assigns Checklist to member of Subagreements team.

3. SON SrRSA completes Webform to request "96" IO if new subagreement.
4. SPSS establishes "96" IO and sends email confirmation to SON SrRSA and JHURA.
5. SON SrRSA initiates shopping cart using type SPPO
6. SPPO shopping cart is work-flowed to JHURA for approval
7. JHURA utilizes information from Checklist to create new subaward or subaward modification.
8. JHURA assesses risk and provides risk rating, confirming with Controller's office.
9. Any questions or requests for missing information are sent to SON SrRSA listed on the Checklist.
10. When Subagreement is written and complete, it is emailed to subrecipient for signature with a copy to SrRSA and Nursing PI
11. Once partially executed subaward has been received by JHURA, it is countersigned by an authorized signatory of JHU.
12. If new, the Subaward team reviews the shopping cart corresponding to the subaward to confirm recipient and amount. The shopping cart is approved or rejected.
13. Approved shopping carts for new subs are routed to Purchasing for final approval and become purchase orders after their approval; rejected shopping carts are sent back to SON SrRSA. For new subawards, Subawards team confirms PO#, and emails a copy of the fully executed agreement with the PO number to the Subrecipient, copying the SrRSA
14. JHURA will update POs for sub modifications . Fully executed sub modifications are sent out by JHURA with a copy to the SrRSA
15. Where applicable, JHURA enters data into FSRS for FFATA.
16. The fully executed subaward is then scanned into Oculus under the RA Subagreement profile. The original hard copy is maintained in JHURA's files.
17. SON SrRSAs are responsible for processing invoices and financial reports once PI approves activity.
18. SON SrRSAs forward approved invoices to Accounts Payable with PI Certification Form for processing.
19. SON SrRSAs complete a Goods Receipt in SAP as final approval for the sub invoice once Accounts Payable has entered the invoice into SAP.
20. Upon termination of a subaward, SON SrRSA contacts JHURA via email to remove PO encumbrance (if necessary). JHURA reviews request and removes encumbrance through delegated buyer role.

## VI. References

JHU Office of Research Administration  
<http://www.jhsph.edu/offices-and-services/office-of-research-administration/>

JHU Research Administration Offices  
<http://jhuresearch.jhu.edu>

Federal Demonstration Partnership Homepage  
<http://www.thefdp.org/index.html>

FDP Subaward Forms  
[http://sites.nationalacademies.org/PGA/fdp/PGA\\_063626](http://sites.nationalacademies.org/PGA/fdp/PGA_063626)

UG, Cost Principles, and Audit Requirements for Federal Awards  
<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

<http://www.ecfr.gov/cgi-bin/text-idx?SID=0bfd2df92cb712c1d355b2cbf37ee833&node=pt2.1.200&rgn=div5>

Federal Audit Clearinghouse Homepage  
<http://harvester.census.gov/sac/>

Excluded Parties List Service  
<http://www.sam.gov>

JHU Office of Financial Research Compliance  
<http://finance.jhu.edu/depts/frc>

Visual Compliance  
<https://www.visualcompliance.com/logon.html>

### **Appendices:**

Foreign Subrecipient Questionnaire and Domestic Subrecipient Questionnaire  
 Annual Audit Request  
 How to Write a Statement of Work  
 Subrecipient Welcome Packet  
 PI Certification of Payment and Performance Form  
 Field Office Director Representation Letter  
 Sponsored Projects Subrecipient Monitoring Policies & Procedures Index  
 Sub determination form  
 Sample Cost Reimbursement Invoice  
 Sample Fixed Price Invoice  
 Sample of Required High Risk Language



## How to Write a Statement of Work

When including a subrecipient on a proposal, it's important that the subrecipient statement of work ("SOW") is clear, concise and complete. JHU will normally use the subrecipient SOW, as written, in drafting the subagreement. The SOW must accurately clearly describe the work to be performed and be void of inconsistencies or ambiguities. If the subrecipient SOW does not reflect these requirements, the preparation and execution of the subagreement will be delayed.

**The subrecipient SOW shall be separate and distinct from the JHU statement of work. Do not include any proprietary information in the SOW.**

Below is the recommended format for the subrecipient SOW.

1. Background and Need – *Describes the requirements in general, non-technical terms. This section should explain why the subrecipient was selected to work on the project.*
2. Project Objective – *A succinct statement of the purpose of the subagreement. It should outline results that JHU expects and/or identify the benefits to the program that is contemplated.*
3. Scope of Work – *An overall, non-technical description of the work to be performed. It expands on the projected objectives, but does not attempt to detail all of the work required. It must be consistent with the detailed Technical Requirements.*
4. Technical Requirements – *Spells out precisely what is expected of the subrecipient in the performance of the work.*
  - *Describes the specific tasks and phases of the work*
  - *Deliverables to be generated from the described tasks must be clearly defined*
  - *Specifies the total effort each task or phase is to receive*
  - *Considerations that may guide the subrecipient in its analysis, design, or experimentation on the designated problems*
  - *Identifies the requirements and indicates the scope of each*
5. Reporting Schedule – *Describes any reporting requirements including content, format and due date/frequency.*
6. Special Considerations – *Information that does not fit neatly or logically into one of the other sections. For example, if the subrecipient will be employing the use of any lower-tier subrecipients, that relationship should be described here. Also include any equipment or data JHU will be providing to the subrecipient so that they may complete their work.*
7. Deliverables – *Defines and describes, in table form, the deliverables, the quantity required, and the schedule/due date. Include payment amount if subagreement is fixed price and payments are to be linked with acceptance of a deliverable. The table should be attached to the SOW. See samples below.*

**NOTE:** *Deliverables included in Deliverables table must correspond to the tasks outlined under "Technical Requirements".*

### Sample Deliverables Schedule

Milestone #	Due Date	Deliverables*	Amount
1	June 10, 2011	<ol style="list-style-type: none"> <li>1. Technical report detailing progress on data collection, management issues and data output.</li> <li>2. Cleaned data on monthly reporting</li> <li>3. Report on costing</li> </ol>	25% - 22,443
2	July 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including supervision visits and issues discussed</li> <li>3. Updated report on costing</li> </ol>	20% - 17,956
3	Aug 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including supervision visits and issues discussed</li> <li>3. Updated report on costing</li> <li>4. financial report</li> </ol>	15% - 13,466
4	Sept 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including report of review meeting to be held in August</li> <li>3. Updated report on costing</li> </ol>	10% - 8,977
5	Oct 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including supervision visits and issues discussed</li> <li>3. Updated report on costing</li> <li>4. financial report</li> </ol>	10% - 8,977
6	Nov 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including supervision visits and issues discussed</li> <li>3. Updated report on costing</li> </ol>	10% - 8,978
7	Dec 15, 2011	<ol style="list-style-type: none"> <li>1. Cleaned data based on records of pregnancies, births and deaths</li> <li>2. Updated technical report including supervision visits and issues discussed</li> <li>3. Updated report on RMM costing</li> <li>4. financial report</li> </ol>	10% - 8,978

## Sample Milestone Payment Schedule

*Milestone payment schedules should still be based on subrecipient performance, even if specific deliverables aren't appropriate. If work hasn't been performed, or is substandard, invoices should not be approved and payments should not be issued.*

*In order to minimize risk to JHU, milestones should be distinct, identifiable and numerous. More milestones allow for better management of performance throughout the project period and allows for more control over the flow of funds.*

*Initial payments on non-federal prime awards of more than 20% require written department chair approval.*

<b>Milestone</b>	<b>Due Date</b>	<b>Amount</b>
Execution of Agreement	Upon signature	\$
Milestone 1	<i>Date?</i>	\$
Milestone 2	<i>Date?</i>	\$
Milestone 3	<i>Date?</i>	\$
Final Report	<i>Date?</i>	\$
<b>Total</b>		\$

**Welcome Packet for Subrecipients  
Receiving Cost-Reimbursement Federal Subawards**

THE JOHNS HOPKINS UNIVERSITY

Dear Subrecipient,

The Johns Hopkins University (JHU) looks forward to working with you as a subrecipient of U.S. Federal Government funds. This welcome packet is intended to provide you with the information you will need to effectively manage your subaward. It is very important that all personnel involved in managing a subaward from JHU read this packet carefully to assure compliance with all applicable federal laws, rules, and regulations.

Information contained in this packet will be especially helpful to those with responsibility for the administrative and fiscal management of JHU subawards. The packet serves several purposes:

- 1) To ensure that subrecipient funds are used for the purposes for which they were awarded;
- 2) To safeguard public monies to the greatest extent possible; and
- 3) To provide guidance to subrecipients in establishing accounting procedures in accordance with federal requirements.

While this resource packet highlights or summarizes important issues, it does **NOT** serve as a substitute for JHU policies or any prime sponsor requirements or provisions.

Specific topics that this packet addresses include:

- Applicable Regulations,
- Standard Assurances,
- Financial Management,
- Procurement,
- Record Retention and Access,
- Audits and Monitoring, and
- Debarment and Suspension.

As all subrecipients are required to comply with the regulations set out in this packet, it is highly recommended that the following principles and procedures or their equivalent are implemented at your institution.

If you have any questions or concerns, please contact the contractual representative listed in Section 3.1 of your subaward. We look forward to a successful collaboration!

## **Financial Standards**

Procedures and rules (controls relating to your organization's financial accounting system) are very important. They must ensure that:

- Funds are guarded in a reasonable fashion; and
- Financial information is accurate.

Worksheets A(1)-(6) and B (attached) are provided so that your organization is capable of providing the financial information required by JHU. In addition, your organization must, at a minimum, follow these control procedures:

- Financial records must show the source of funds received and the uses to which these funds are put;
- Receipts and expenses must be recorded in a consistent and orderly manner;
- Receipts and expenses must be supported by documentation (bank receipts, invoices, cancelled checks, etc.). These documents must be stored so that they are readily available for inspection. Copies of these documents must be provided to JHU upon request;
- Expenses must be recorded in a manner that permits comparison with the budget attached in your subaward. They must be actual, reasonable, allocable and allowable under the most restrictive provision of your subaward in the event there is any confusion or contradiction among two or more provisions. Expenses must be accounted for separately, and not combined with any other expenses or funds. Finally, they must not be included in or attributed to activities paid for with non-JHU funds;
- Responsibilities and functions of accounting staff should be documented, in writing, prior to the start of the project. Any changes during the implementation of the project also must be in writing. Responsibilities should be separated so that the same employee is not in a position to request, approve and make payments;
- Authority for approval regarding purchases of goods and services should be specified clearly before project implementation. All purchases must be approved prior to the placement of orders. Goods and services received should be verified against orders before paying invoices;
- Financial records should be reviewed regularly by a second responsible person other than the one who normally maintains these records.

## **Expense Reporting**

In order for reimbursement to be made, it is recommended that the attached worksheets are used in order to fully complete the detailed invoice included as part of your subaward, and sent to JHU for examination and approval.

If the subaward contains a local currency budget in addition to a U.S. dollar budget, the attached Worksheets (A(1)-(6) and B), may be completed using local currency amounts. The invoice is required to be submitted in U.S. dollars, however.

If the subaward contains only a U.S. dollar budget and the funds will be expended in local currency, two sets of accounts will have to be maintained for monitoring and reporting purposes. Each expenditure made with local currency will have to be converted to U.S. dollars and the financial reports and invoices will be submitted to JHU in U.S. dollars.

Review this process carefully and discuss with JHU if the process is not clear. ***Incorrect financial reporting may result in delays in payment or possible disallowance of expenditures.***

## **Regulations**

When you receive funds from JHU under a subaward, there are federal policies and regulations you must adhere to in the administration of your subaward.

In addition to your organization's own institutional requirements and policies, and other prime sponsor requirements included in your subaward, as a subrecipient you must also adhere to all applicable administrative requirements, cost principles and audits requirements.

### **1) Administrative Requirements**

The UG applies to all nonprofit organizations, institutions of higher education and hospitals and lays out the specific administrative requirements concerning federal grants. It is important because it outlines the steps the U.S. government require you to follow in order to be eligible to receive future U.S. federal funding. In an effort to ensure all nonprofit organizations are treated the same, this circular sets standards outlining the administration of grants and cooperative agreements.

### **2) Cost Principles**

#### Nonprofit Organizations

The UG is used by all Federal agencies to determine the cost of work performed by *nonprofit Organizations, excluding hospitals, which are governed by 45 CFR Part 74 Appendix E, Principles for Determining Cost Applicable to Research and Development Under Grants and Contracts with Hospitals.*

#### Educational Institutions

The UG is used by all Federal agencies to determine the cost of work performed by colleges, universities and places of higher education.

#### For-profit Organizations

48 CFR Part 31, "Contract Cost Principles and Procedures" is used by all Federal agencies to determine the cost of work performed by for profit organizations.

### **3) Audit Requirements**

Subawards to foreign recipients who expended over in aggregate \$300,000 or \$500,000 domestically for USAID awards or cumulatively over \$750,000 for all Federal prime awards must have an A-133 audit or its equivalent. All subrecipients (except for-profit entities) are required to comply with The UG, Subpart F, which provides audit guidelines and standards. For-profit entities are required to comply with 45 CFR 74.26 (d). Failure to comply with the annual audit requirement may result in suspension of payments or disallowance of costs.

## **Assurances**

Each subrecipient must assure that it will comply with the regulations, policies, guidelines, and requirements imposed by the prime sponsor and JHU. The subrecipient is responsible for being familiar with the required assurances listed in its subaward, including all exhibits and attachments, and adhering to them throughout the life of the subaward.

## **Financial Management**

### ***Overview***

The applicable regulations and JHU policies require that subrecipients have in place, prior to receipt of any funds, a financial management system that will provide:

- Accurate, current, and complete disclosure of the financial status of each subaward program;
- Records which identify the source and application of funds for subaward-supported activities, specifically information pertaining to subawards, obligations, unobligated balances, assets, liabilities, outlays and income;
- Effective control over and accountability for all grant funds, property, and other assets;
- Comparison of actual expenditures with budgeted amounts for each cost category and work activity;
- Procedures for determining that all costs are allowable and that they may be allocated to an activity;
- Procedures to ensure that each expense paid from a subaward was authorized in the budget of the subaward that was charged with the expense;
- Accounting records that are supported by support documentation;
- Where applicable, audits or financial reviews which analyze the fiscal integrity of subrecipient; and
- A systematic method to assure timely and appropriate resolution of audit findings identified in audits or management reviews.

The subrecipient must be able to isolate and trace subaward funds and have appropriate support documentation for each transaction. Examples of documentation are vendor invoices, bills of lading, purchase orders, payment vouchers, payroll records, travel receipts, general ledger reports and bank statements and reconciliations. JHU may request such supporting documentation at any time.

The basic accounting records and documents listed below comprise the framework for a good financial management system. If implemented properly, such a system can provide accurate, current, and complete disclosure of the financial status of each grant supported program, work activity, and cost category:

- Cash Receipts Journal
- Cash Disbursements Journal
- Payroll Journal
- General Ledger
- Subsidiary Ledger(s)

### ***Accounting Procedures***

Subrecipients must develop accounting procedures to meet the particular needs of the grant supported project. Recording procedures must be designed to provide information accurately while at the same time serving as an effective control in preventing mistakes and safeguarding against unauthorized uses of funds.

### ***Internal Controls***

Subrecipients should have a management system in place that contains adequate internal controls (accounting and administrative) for the administration of the subaward. This system of internal controls will be tested during reviews of the subrecipient. The following are suggested internal accounting control procedures for subrecipients:

- Record all cash receipts immediately;
- Conduct periodic independent comparison of deposit slips with receipts and bank statements;
- Deposit cash receipts frequently;
- Make all payments by pre-numbered checks (if applicable);
- Reconcile bank accounts monthly and retain a copy of the reconciliation in the files;
- Issue checks to vendors only in payment of approved invoices which have been matched with purchase orders and receiving reports;
- Separate staff duties so that one person does not perform all accounting functions from the time funds are received until the funds are disbursed;
- Mark all documentation “paid” to prevent duplicate payments; and
- Retain a CPA firm for an audit or review (if applicable). See Audits and Monitoring section for more information.

Careful review of all vouchers and invoices by subrecipients is necessary to verify that they are legitimate costs eligible under the governing regulations. Further, officials should note that costs are properly allocated to the correct program or work activity. A receiving report system should be utilized to ensure payment for only those goods and services that are received.

Acknowledging that some subrecipients are small organizations with few internal resources, the following internal control suggestions should be considered by those entities:

- All checks should be cosigned and all supporting documentation should be closely reviewed and marked “paid” before or as each check is signed;
- The principal officer of the subrecipient organization should oversee all cash collections;
- A close examination of all financial reporting to JHU should be made, noting in particular any unusual month-to-month and budget-to-actual account variances; and
- Someone other than the person who prepares the checks and the bank deposits should reconcile the monthly bank statement.

In addition to internal accounting controls, the subrecipient should have administrative controls in place to ensure grant funds are not used in violation of federal laws and requirements, including but not limited to:

- Political Activity (the Hatch Act and the Intergovernmental Personnel Act of 1970, as amended) - federal funds should not be used for partisan political activity of any kind by any person or organization involved in the administration of federally-assisted programs;
- Civil Rights - no person is excluded from participation, or subject to discrimination in any program or activity funded in whole or in part by federal funds, on the basis of race, color, creed, age, sex, national origin, or handicap;
- Terrorism - U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism; and
- Financial Conflicts of Interest – any financial conflict of interest must be reported to JHU, along with an explanation as to whether the identified Interest is being managed, reduced or eliminated by the Subrecipient.



## Documentation Requirements

The accounting system of each JHU subrecipient must provide adequate documentation to support the subrecipient's financial claims. The following is a list of examples of adequate documentation for selected transaction types:

### SUBAWARD EXPENDITURES

<b>Category</b>	<b>Explanation</b>	<b>Documentation</b>
Salaries & Fringe Benefits	Wages for all subrecipient personnel charged to subaward. Fringe benefits may include insurance, vacation/sick time, or other benefits given to employees.	Personnel records, time sheets, and time distribution sheets. Distribution sheets are required when personnel time is charged to more than one grant program. Sheets must reflect actual time, not budgeted figures. Documentation should include gross pay and all amounts withheld, matched, or paid by the subrecipient for various taxes paid.
Travel	Local or long distance travel, including transportation costs, hotel, M&E per diems.	Evidence of authorized travel, travel expense voucher showing all travel expenses were incurred for the benefit of the subaward program; copies of supporting bills.
Equipment	Any purchase of equipment of over \$500 with a useful life of more than 1 year.	Bids, quotations, purchase orders, receiving reports, invoices, bills of lading and property records.
Supplies	Consumables less than \$500 per item.	Invoices/receipts and receiving reports.
Contractual	Lower-tier subawards, independent contractors or consultants.	Copies of agreements, client attendance records, documentation (Payments to/for clients) of services provided including dates, times, names.
Other Direct Costs	Telecommunications, leases, repairs/maintenance, participant costs.	Invoices, receipts, lease or maintenance agreements. For telecommunications: telephone bills, telephone logs, the date time calls, the reason and the number called.
Indirect costs	Costs that cannot be directly allocated to a particular Subaward and which are allowable under the prime award.	Approved indirect cost rate or cost allocation plan, analysis of indirect costs charged in accordance with approved plan; rate is applied to the distribution base per the approved plan. Or, a de minimis rate of 10% applied to modified total direct cost (MTDC) base.

## Worksheets

The attached Worksheets are provided as a tool for preparation of the invoice and final financial report. The following information provides further instructions regarding the completion of the forms.

#### Expenditures Worksheets (Worksheets A(1) – (6))

The Expenditures Worksheets are designed to help you organize expenditures by budget line items. They also assist you to collect the appropriate signatures for salaries and consultants expenditures.

Details of each expenditure should be listed on the correct form. The specific forms are:

- Worksheet A (1) - Salaries/Fringe
- Worksheet A (2) - Travel and Allowances
- Worksheet A (3) - Equipment
- Worksheet A (4) - Supplies
- Worksheet A (5) - Contractual
- Worksheet A (6) - Other Direct Costs

Worksheets A (1) should list individually the names of all employees who received salaries during the period. The individual's title or occupation should also appear with the name of that employee. The original signature of the person receiving payment should be obtained on these forms each time they receive payment, and copies of payment receipts with signatures must be kept on file and submitted to JHU upon request. So, if an employee receives his/her salary payments monthly, he/she should sign Worksheet A (1) each month.

Please note that on Worksheets A(2), A(3), and A(4), descriptions of each expenditure should be included. These descriptions need to be specific. For example, it is not enough to write "per diem" or "hotel accommodations". Instead, the description should read, "per diem for Mrs. Smith--Materials Development Workshop."

Worksheet A(5) should list the names and titles of all individuals paid as consultants and all organizations paid as lower-tier subcontractors.

It should be noted that no one is authorized to charge for "entertainment" expenses such as food, drink or other refreshments for guests. No alcoholic beverages for project personnel or guests will be reimbursed.

#### Voucher Summary Page (Worksheet B)

This is a basic form used to record expenditures as they are incurred. All expenditures should indicate which expense category was charged as this form will then be used to create Worksheets A(1) – A(6). The amount expended is entered in the total column. Use of Worksheet B is not required if you have your own basic reporting form.

**Worksheet A(1)**

THE JOHNS HOPKINS UNIVERSITY

EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY I. SALARIES/FRINGE

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Date of Expense	Voucher Number	Name and Position	Signature of Recipient	Total Expense
Total				

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**Worksheet A(2)**

THE JOHNS HOPKINS UNIVERSITY  
EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY II. TRAVEL & ALLOWANCES

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	What was money spent on and purpose	Expense Amount
Total			

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**Worksheet A(3)**

THE JOHNS HOPKINS UNIVERSITY  
EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY III. EQUIPMENT

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	What was money spent on and purpose	Expense Amount
Total			

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**Worksheet A(4)**

THE JOHNS HOPKINS UNIVERSITY  
EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY IV. SUPPLIES

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	What was money spent on and purpose	Expense Amount
Total			

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**Worksheet A(5)**

THE JOHNS HOPKINS UNIVERSITY  
EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY V. CONTRACTUAL

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	Name and Position of Consultant or Name of Organization	Purpose	Local Currency
Total				

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**Worksheet A(6)**

THE JOHNS HOPKINS UNIVERSITY  
EXPENDITURES WORKSHEET (BY CATEGORY)

CATEGORY VI. OTHER DIRECT COSTS

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	What was money spent on and purpose	Expense Amount
Total			

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)



**Worksheet B**

THE JOHNS HOPKINS UNIVERSITY  
VOUCHER SUMMARY PAGE

Project Title: \_\_\_\_\_

Project No.: \_\_\_\_\_

Reporting Period: From \_\_\_\_\_ Through \_\_\_\_\_

Date of Expense	Voucher Number	Expense Description and Purpose	Expense Amount
Total			

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

(Continued on additional sheets if necessary)

**SUBRECIPIENT LEGAL NAME:**

**MAILING ADDRESS (include country where located):**

**TELEPHONE (include all country and city codes):**

**FAX NUMBER:**

**E-MAIL:**

**Tax ID No.:**

**SUBRECIPIENT FISCAL YEAR (Month/Day):**

**INSTRUCTIONS-** Accepting an award from The Johns Hopkins University (JHU) creates a legal duty for the sub-recipient to use the funds according to the award agreement and U.S. federal regulations.

The purpose of this Questionnaire is to provide JHU with information needed to assess the adequacy of the financial and accounting systems of your organization and to assess the need for assistance to ensure accountability of the sub-award issued. Organizations who do business with the U.S. Government and that conduct A-133 or equivalent compliance audits on an annual basis need only to fill out the above contact information and send copies of the last two years audits.

Each question should be answered as completely as possible, using extra pages if necessary. Return the completed questionnaire to JHU’s Controller’s Office via email to [subrecipient@jhu.edu](mailto:subrecipient@jhu.edu).

**I. GENERAL INFORMATION**

**YES NO N/A**

What type of organization are you [non-profit (NGO), commercial/for profit (corporation), university, academic research center, etc.]?

Is your organization incorporated or legally registered within the country of operations? If yes, please supply a copy of your registration certificate with this Survey. If no, please explain:


Please provide copies of any materials that describe your organization, its mission and history. If this information is on a website, please provide link. If no, please explain.


Please list the names of the chief executive officers of your organizations. This may include the following positions.

- President/Director:
- Chief Financial Officer:

List the number of employees your organization has:

\_\_\_\_\_

Part-time Employees:			
Does your organization have other sources of U.S. Government funds (such as U.S. Agency for International Development or National Institutes of Health) during the period of the JHU award? If yes, please provide the name of the US Federal agency, the grant period and the amount of funds.			
Does your organization have an Indirect Cost/Facilities & Administrative rate? If yes, please provide and the method used to calculate the rate.			
<b>II. INTERNAL CONTROLS</b> - Internal controls are procedures which ensure that: 1) financial transactions are approved by an authorized individual and follow laws, regulations and the organization's policies, 2) assets are kept safely, and 3) accounting records are complete, accurate and maintained on a regular basis. Please complete the following questions concerning your organization's internal controls: <b>YES      NO      N/A</b>			
Are timesheets kept for each paid employee?			
Is each employee's salary stated in an employment letter or contract?			
How often do you compare inventory records to the actual equipment?			
<b>III. ACCOUNTING SYSTEM</b> - The purpose of an accounting system is to: 1) accurately record all financial transactions, and 2) ensure that invoices, timesheets and other documentation support all financial transactions. The type of accounting system often depends on the size of the organization. Some organizations may have computerized accounting systems, while others use a manual system to record each transaction in a ledger. In either case, JHU award funds must be properly authorized, used for the intended purpose and recorded in an organized and consistent manner.  <u>Please note, subrecipients that have current audit reports which have been performed by an independent auditor do not have to complete Section III and instead may enclose the last two years' audit reports with this Survey.</u>			
Does your organization have written accounting policies and procedures? If yes, please enclose a copy with your response. If no, please explain how transactions are recorded, cash disbursements are made, and account system is managed.			
Are your financial reports prepared on a cash basis or accrual basis?			
Can your accounting records separate the receipts and payments of a JHU award from the receipts and payments of your organization's other activities?			
Can your accounting records record expenditures on the JHU award according to budget categories such as salaries, supplies, travel and equipment? If no, please explain.			
Do you keep invoices, vouchers and timesheets for all payments made from award funds? If there are circumstances where these documents cannot be or will not be obtained, please explain			
<b>IV. FUNDS CONTROL/CASH MANAGEMENT</b> - JHU normally pays award recipients by wire transfer of US dollars to the award recipient's bank account. Access to the bank account must be limited to authorized individuals. Bank balances should be compared each month with your accounting records. If cash cannot be kept in a bank, it is very important to keep the cash in a strong safe and have strict controls over cash maintenance and disbursement.			
Will any cash from JHU grant funds be kept outside the bank account (in petty cash funds,			

etc.)? If yes, please explain the amount of funds to be kept and the name and position/title of the person responsible for safeguarding cash.			
<p>Provide the banking information below:</p> <p>Name of Bank: US or International bank? Are bank deposits insured?</p>			

**V. AUDITS** - JHU may require an audit of your organization's accounting records. An audit is a review of your accounting records by an independent accountant who works for an accounting firm as to whether the information presented, including your financial statements, is correct and free of material misstatements. . Please provide the following information on prior audits of your organization.

Recipients that have current audit reports which have been performed by an independent auditor do not have to complete Section V and instead may enclose the last two years' audit reports. If your organization does not have audited financial statements, please submit a copy of your organization's "Balance Sheet" and "Revenue and Expense Statement" for the current fiscal or calendar year.

**YES NO N/A**

Did the organization have a compliance audit conducted for U.S. Government funds expended (A-133 or single program)? If yes, please attach a copy of the audit report.			
Are there any reasons (local conditions, laws, or institutional circumstances) that would prevent an independent accountant from performing an audit of your organization? If yes, please explain.			

**VI. SUBRECIPIENT MONITORING** - A Subrecipient administering JHU funds and paying funds to other organizations must have the ability to monitor the other organization's activities. Monitoring may include reviewing expenditure documentation, reviewing and/or compiling financial and narrative reports, providing advice and assistance, performing site visits, and consulting with JHU when problems are found.

Do you have written procedures for monitoring your subrecipients? If yes, please attach a copy. If you do not have written procedures, describe how your organization will monitor the subrecipients, including: checking their costs, and preparing or reviewing their financial and narrative reports. Also, discuss how often you will monitor the organizations.

Are there any circumstances which may keep your organization from monitoring your subrecipient's financial and project activities (for example, communication difficulties, lack of personnel, unfamiliarity with JHU award requirements, etc.)? If yes, please explain.			
Is your subrecipient responsible for preparing reports (both financial and programmatic) of their award activities?			

**ADDITIONAL COMMENTS & SPECIAL CONSIDERATIONS**

Note below:

**CERTIFICATION:** I hereby certify under penalty of perjury that the foregoing is true and correct.

Name: \_\_\_\_\_

Title: \_\_\_\_\_





**SUBRECIPIENT LEGAL NAME:**

**MAILING ADDRESS (include country where located):**

**TELEPHONE (include all country and city codes):**

**FAX NUMBER:**

**E-MAIL:**

**Tax ID No.:**

**SUBRECIPIENT FISCAL YEAR (Month/Day):**

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Is your organization incorporated or legally registered within the country of operations? If yes, please supply a copy of your registration certificate with this Survey. If no, please explain:

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Please provide copies of any materials that describe your organization, its mission and history. If this information is on a website, please provide link. If no, please explain.

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Please list the names of the chief executive officers of your organizations. This may include the following positions.

- President/Director:
- Chief Financial Officer:

List the number of employees your organization has:



Full-time Employees: Part-time Employees:			
Does your organization have other sources of U.S. Government funds (such as U.S. Agency for International Development or National Institutes of Health) during the period of the JHU award? If yes, please provide the name of the US Federal agency, the grant period and the amount of funds.			
Does your organization have an Indirect Cost/Facilities & Administrative rate? If yes, please provide and the method used to calculate the rate.			
<b>II. INTERNAL CONTROLS</b> - Internal controls are procedures which ensure that: 1) financial transactions are approved by an authorized individual and follow laws, regulations and the organization's policies, 2) assets are kept safely, and 3) accounting records are complete, accurate and maintained on a regular basis. Please complete the following questions concerning your organization's internal controls: YES      NO      N/A			
Are timesheets kept for each paid employee?			
Is each employee's salary stated in an employment letter or contract?			
How often do you compare inventory records to the actual equipment?			
<b>III. ACCOUNTING SYSTEM</b> - The purpose of an accounting system is to: 1) accurately record all financial transactions, and 2) ensure that invoices, timesheets and other documentation support all financial transactions. The type of accounting system often depends on the size of the organization. Some organizations may have computerized accounting systems, while others use a manual system to record each transaction in a ledger. In either case, JHU award funds must be properly authorized, used for the intended purpose and recorded in an organized and consistent manner.  <u>Please note, subrecipients that have current audit reports which have been performed by an independent auditor do not have to complete Section III and instead may enclose the last two years' audit reports with this Survey.</u>			
Does your organization have written accounting policies and procedures? If yes, please enclose a copy with your response. If no, please explain how transactions are recorded, cash disbursements are made, and account system is managed.			
Are your financial reports prepared on a cash basis or accrual basis?			
Can your accounting records separate the receipts and payments of a JHU award from the receipts and payments of your organization's other activities?			
Can your accounting records record expenditures on the JHU award according to budget categories such as salaries, supplies, travel and equipment? If no, please explain.			
Do you keep invoices, vouchers and timesheets for all payments made from award funds? If there are circumstances where these documents cannot be or will not be obtained, please explain			
<b>IV. FUNDS CONTROL/CASH MANAGEMENT</b> - JHU normally pays award recipients by wire transfer of US dollars to the award recipient's bank account. Access to the bank account must be limited to authorized individuals. Bank balances should be compared each month with your accounting records. If cash cannot be kept in a bank, it is very important to keep the cash in a strong safe and have strict controls over cash maintenance and disbursement.			

Will any cash from JHU grant funds be kept outside the bank account (in petty cash funds, etc.)? If yes, please explain the amount of funds to be kept and the name and position/title of the person responsible for safeguarding cash.			
Provide the banking information below:  Name of Bank: US or International bank? Are bank deposits insured?			

**V. AUDITS** - JHU may require an audit of your organization's accounting records. An audit is a review of your accounting records by an independent accountant who works for an accounting firm as to whether the information presented, including your financial statements, is correct and free of material misstatements. . Please provide the following information on prior audits of your organization.

Recipients that have current audit reports which have been performed by an independent auditor do not have to complete Section V and instead may enclose the last two years' audit reports. If your organization does not have audited financial statements, please submit a copy of your organization's "Balance Sheet" and "Revenue and Expense Statement" for the current fiscal or calendar year.

**YES NO N/A**

Did the organization have a compliance audit conducted for U.S. Government funds expended (A-133 or single program)? If yes, please attach a copy of the audit report.			
Are there any reasons (local conditions, laws, or institutional circumstances) that would prevent an independent accountant from performing an audit of your organization? If yes, please explain.			

**VI. SUBRECIPIENT MONITORING** - A Subrecipient administering JHU funds and paying funds to other organizations must have the ability to monitor the other organization's activities. Monitoring may include reviewing expenditure documentation, reviewing and/or compiling financial and narrative reports, providing advice and assistance, performing site visits, and consulting with JHU when problems are found.

Do you have written procedures for monitoring your subrecipients? If yes, please attach a copy. If you do not have written procedures, describe how your organization will monitor the subrecipients, including: checking their costs, and preparing or reviewing their financial and narrative reports. Also, discuss how often you will monitor the organizations.

Are there any circumstances which may keep your organization from monitoring your subrecipient's financial and project activities (for example, communication difficulties, lack of personnel, unfamiliarity with JHU award requirements, etc.)? If yes, please explain.			
Is your subrecipient responsible for preparing reports (both financial and programmatic) of their award activities?			

**ADDITIONAL COMMENTS & SPECIAL CONSIDERATIONS**

Note below:

**CERTIFICATION:** I hereby certify under penalty of perjury that the foregoing is true and correct.

Name: \_\_\_\_\_

Title: \_\_\_\_\_




**SUBRECIPIENT DETERMINATION FORM**

**JHU PI: \_\_\_\_\_ COEUS PROPOSAL DEVELOPMENT No.: \_\_\_\_\_**

**NAME OF ENTITY:** \_\_\_\_\_

A subrecipient receives an award of assistance from the prime awardee and conducts its own scope of work. More information on the difference between a contractor and a subrecipient can be found in [OMB Uniform Guidance](#), Subpart D, section .330. This form is used to document the characteristics of the relationship between an external entity and the University to determine that the entity is properly treated as a subrecipient as opposed to a vendor.

**Determination of Classification as Subrecipient as opposed to Contractor (check all that you believe may apply):**

<input type="checkbox"/>	Entity will perform substantive program work.
<input type="checkbox"/>	Entity has responsibility for making programmatic decisions.
<input type="checkbox"/>	Entity's personnel are identified as having a key role in JHU's proposal.
<input type="checkbox"/>	Entity has responsibility for compliance with Federal program requirements.
<input type="checkbox"/>	Entity's performance is measured against whether or not the objectives of the sponsored program been achieved.
<input type="checkbox"/>	Entity will seek to publish or co-author the results
<input type="checkbox"/>	Funds will be used to carry out a sponsored program assigned to the entity rather than provide goods service to JHU
<input type="checkbox"/>	Entity may provide cost sharing for which it is not reimbursed by JHU

<b>Statement of Work Description:</b>

***I hereby certify that the information provided here is true and accurate to the best of my knowledge***

**PI Signature:** \_\_\_\_\_

**Date**  
:

**I hereby certify that based upon the information provided the named entity above should/should not be classified as a subrecipient.**

**Research Administration Signature: \_\_\_\_\_Date:**

**Subrecipient Payment and Performance Certification**

Subrecipient's Name: \_\_\_\_\_ Invoice Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Invoice No. \_\_\_\_\_ Grant/Award No. \_\_\_\_\_ Sponsor Name: \_\_\_\_\_  
 \_\_\_\_\_  
 Prime Project Title: \_\_\_\_\_ Period Covered: \_\_\_\_\_  
 \_\_\_\_\_  
 Amount Due: \_\_\_\_\_ Amount Remaining on Subgrant/award for Payment: \_\_\_\_\_  
 \_\_\_\_\_  
 Date of Most Recently Reviewed Progress Report \_\_\_\_\_

Description of Services Performed During the Billing Period: Please describe any steps you have taken to verify that the Subrecipient has performed as stated on its invoice (e.g. site visits, technical/progress reports, sample deliverables, meeting notes/agenda, time expense reports, etc.). \*\*\*\* required\*\*\*\*

**High Risk Accounting Statement review dates: (require initials and date performed).**  
 Note: for detail review, if not done currently, enter date last performed  
 Summary Review \_\_\_\_\_ Detail Review (required every 6 months)  
 \_\_\_\_\_

**I hereby authorize payment for the attached invoice and certify that I have received and reviewed all due reports and/or deliverables from the Subrecipient that are the basis of this invoice. I am satisfied with the Subrecipient's performance to date. To the best of my knowledge, the Subrecipient's invoice reflects expenditures that are reasonable, allowable and allocable and are in compliance with the terms and conditions of the subaward/subgrant.**

Name : \_\_\_\_\_  
 Authorized Program Representative /Principal Investigator

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Authorized Program Representative /Principal Investigator

Name : \_\_\_\_\_  
 Authorized Financial Analyst (in Baltimore, Maryland, USA)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Authorized Financial Analyst (in Baltimore, Maryland, USA)

**Please retain all documents reviewed as the basis for this Certification.**



# Sponsored Projects - Subrecipient Monitoring Policies & Procedures

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## I. General Section

### SP-SUB-GS-01--Overview

- JHU remains ultimately responsible and accountable to the prime sponsor for funds management and compliance by subrecipients.
- Prime recipients are required to advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of the prime contracts or grant agreements as well as any supplemental requirements imposed.
- A Subrecipient Audit Confirmation Survey will be sent annually by the Controller's Office, to subrecipients with JHU pass-thru federal funding in excess of \$300,000 per fiscal year.
- All Subrecipient entities shall make financial records available for review or audit by Federal agencies or pass-thru entities as requested.
- The Principal Investigator (PI) is ultimately responsible for ensuring compliance by reviewing all invoices and the technical progress of work completed by the subrecipient, before payments are authorized.
- ORA's are responsible for establishing a risk classification for a new subrecipient.
- The subrecipient risk classification will specify the additional monitoring terms required. These should be negotiated into the subrecipient agreement. ORA will advise the subrecipient and PI of these requirements.
- The proper classification of an organization as a subrecipient or as a contractor during the proposal process is critical to ensure proper accounting for costs and compliance requirements.
- Subcontracts under prime government contracts require competitive bidding or sole-source justification for their selection.

### SP-SUB-GS-02--References

JHU Research Administration Offices

<http://jhuresearch.jhu.edu/>

Federal Demonstration Partnership Homepage

<http://www.thefdp.org/index.html>

FDP Subagreement Forms

[http://sites.nationalacademies.org/PGA/fdp/PGA\\_063626.htm](http://sites.nationalacademies.org/PGA/fdp/PGA_063626.htm)

Federal Audit Clearinghouse Homepage

<http://harvester.census.gov/sac/>

System for Award Management (SAM)\Excluded Parties List Service

<http://www.sam.gov/>

### **SP-SUB-GS-03--Forms**

[Domestic Subrecipient Questionnaire](#)

[Foreign Subrecipient Questionnaire](#)

[Subrecipient Audit Confirmation Form](#)

[Certification for Payment and Performance](#)

[Subrecipient Annual Audit Request](#)

[Subaward Determination Form](#)

[Sub vs Contractor Quick Guide](#)

[Guidelines for Invoice Review & Submonitoring](#)

[Risk Assessment Spreadsheet](#)

### **SP-SUB-GS-04--Appendices**

Subrecipient Financial Information Questionnaire

Foreign Subrecipient Financial Information Questionnaire

Initial Risk Assessment Spreadsheet

## **II. Policy Section**

### **SP-SUB-PL-01--Subrecipient Monitoring**

As a recipient of sponsored research funding, the University is required to ensure that funding is used for authorized purposes in compliance with applicable grant and contract terms, Federal and State regulations and University policies and procedures. The University, as a pass through entity, remains ultimately responsible and accountable to the prime sponsor for funds management and compliance by its subrecipients.

To satisfy the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, it is the responsibility of prime recipients of sponsored funding to advise subrecipients of requirements imposed on them by laws, regulations, and the provisions of contracts or grant agreements as well as any additional requirements imposed. The terms of the subrecipient relationship shall be thoroughly documented in an agreement executed by the appropriate Offices of Research Administration (ORA) and by an authorized representative of the subrecipient organization.

ORA will establish a risk classification for each new subrecipient or consult the Risk Assessment Spreadsheet for an

existing subrecipient. Such subrecipient classification shall specify the additional monitoring to be performed by the department and should include the additional documentation requirements for high risk subs in the agreement.

Recipients who receive \$500,000 or more in federal funding, directly or indirectly, are required to have an A-133 audit. It is likely that subrecipients who receive less than \$500,000 from the University may be receiving federal funds from other sources or directly from the federal government and will have an A-133 or comparable audit. The University will seek to obtain A-133 or comparable reports, and/or an annual audit certification form if applicable, from all subrecipients.

Subrecipient entities expending less than \$300,000 in Federal funding during their fiscal year and entities which are exempt from Federal audit requirements, including foreign entities, are required to make financial records available for review or audit by Federal agencies or pass-thru entities as requested, under the terms and conditions of their subrecipient agreement.

The Principal Investigator (PI) is ultimately responsible for ensuring compliance by reviewing all invoices and the technical progress of work completed by the subrecipient, before payments are authorized. The PI is also responsible for monitoring requests for re-budgeting and reviewing the technical and financial reports of the subrecipient. The PI shall work with ORA to request additional Subaward Agreements or Amendments if increases or decreases in time and/or support are necessary for the collaboration.

JHU, as grantee, must maintain records of the receipt and disposition of all grant related program income generated by sponsor-funded activities and verify how cost sharing commitments are met. Accordingly, the subrecipient shall include the receipt of program income and cost sharing documentation, if applicable, on invoices and financial reports submitted to JHU.

### **III. Procedure Section**

#### **SP-SUB-PR-01--Purpose**

To establish effective stewardship of sponsored funding that is a subaward to other entities. Administrative staff and Faculty in all departments who are involved in sponsored research where subrecipients conduct a portion of research activity should follow these procedures.

#### **SP-SUB-PR-02--Roles of Research Admin**

##### **Award Process**

During the proposal process, the PI will provide and ORA will check for competitive bidding or sole source justification of the selected subcontractor under any government prime contracts.

##### **Determining Subrecipient or Contractor Status**

The University follows the requirements in OMB Circular A-133, Sections B.210 and OMB Circular A-110, Sections C.40-48 to determine subrecipient or vendor status. The proper classification of an organization as a subrecipient or as a contractor during the proposal process is critical to ensure proper accounting for costs and compliance requirements. Misclassification may result in delays of subaward processing, and failure to include or exclude Facilities and

Administrative (F&A) costs will lead to significant errors in budget calculations. During the proposal phase or as prospective subrecipients are identified, departments will complete the Subrecipient Determination Form. The form must be signed by the Principal Investigator and submitted to the Office of Research Administration (ORA) with the proposal. The PI is expected to provide detailed information about the proposed subrecipient or contractor and a Statement of Work to departmental administrators and to the applicable ORA so an accurate determination can be made. ORA will explicitly approve the classification and document. Any questions or concerns about this process should be directed to the attention of ORA. ([See Subaward Determination Form](#))

An organization is considered to be a subrecipient when it:

- Is delegated programmatic responsibility
- Does not perform services or provide goods to the prime organization as a contractor

An organization is considered to be a Contractor when it:

- Serves as a dealer, distributor or merchant that provides goods or services for the organization's own use; and
- Work product is not expected to be publishable in an academic journal; and
- Provides similar goods or services to many different purchasers and operates in a competitive environment

([See Sub vs Contractor Quick Guide](#))

ORA will review the subrecipient budget for overall reasonableness, including Facilities and Administrative (F&A) rates, fringe benefits rates, travel, equipment, etc. If this is a new subrecipient, a subrecipient questionnaire, including a copy of the most recent A-133 audit certification or recent audited financial statements from non- A-133 covered entities, as applicable are required.

System for Award Management (SAM) Excluded Parties List System, <http://www.sam.gov/>, will be consulted to determine the eligibility of potential subrecipients and the results will be documented. The EPLS includes information regarding entities debarred, suspended, proposed for debarment, excluded or disqualified under the non-procurement common rule, or otherwise declared ineligible from receiving Federal contracts, certain subcontracts, and certain Federal assistance and Benefits. ORA will include a debarment certification in the sub agreement.

ORA will include certifications for research involving the use of human subjects or vertebrate animals, conflict of interest and compliance with other flow-down requirements by the collaborating subrecipient organization in the sub-award agreement, as necessary.

### **Risk Assessment**

ORA shall establish a risk classification for each new subrecipient and communicate the rating to Financial Research Compliance (FRC). The subrecipient classification will specify the additional monitoring to be performed by the department that is required for a high risk subrecipient and will include the additional documentation requirements in the agreement.

The process for completing the risk assessment will include:

- Consulting the Subaward Risk Assessment Spreadsheet;
- Requiring completion of the "Subrecipient Financial Information Questionnaire" by the potential subawardee, if required;
- Assigning a risk classification for new subs and communicating to the PI, department and FRC.

Contingent upon the specific subrecipient organization risk classification (high or low) and the nature of the work proposed, JHU resources are focused on monitoring the subrecipients who demonstrate the greatest potential for non-compliance.

### **Risk Factors to Consider**

The following subrecipients are considered high risk

- Foreign subrecipients
- Domestic subrecipients without a formal compliance audit (A-133)
- Subrecipients with no prior JHU work history
- Subrecipients who received less than \$1M in federal funding in either of the last two years

### **Negotiating the Subaward Agreement**

ORA exercises final approval rights in the administration of the subaward and issues and executes all subawards and modifications. To ensure that subrecipients conduct their portions of research projects in compliance with laws, regulations and that project costs incurred are reasonable and allowable, the subaward agreement will outline the expectations and requirements of the pass-through entity and the subrecipient.

As an institution participating in the Federal Demonstration Partnership (FDP), JHU shall utilize the standard FDP form "Research Subaward Agreement" whenever possible. Addendum 4 should be used for any additional requirements. The ability to conduct an audit should be included as part of the standard agreement language.

Any changes or modifications to the subrecipient agreement shall be approved and executed through ORA. This includes all JHU PI/departmental and subrecipient requests for re-budgeting, foreign travel, equipment purchases, subrecipient PI changes and the hiring of consultants.

ORA will keep original contract documentation, stored in Oculus, in accordance with the University's Records Retention guidelines. Information about records retention is available online in [Chapter 2 of the Account Reconciliation Guide](#).

Depending upon the results of the risk assessment of the individual subrecipient organization, additional contracts terms should be negotiated in the subaward for high risk subs including additional documentation requirements of general ledger detail for all invoices. The ultimate decision on additional requirements will be made by the ORA with consultation from the department and Financial Research Compliance.

### **Prime Agreement Pass-Through Requirements**

Applicable general provisions of the prime agreement must be incorporated into the subaward agreement.

PRIME AWARD TYPE	PRINCIPLES & PROCEDURES THAT APPLY:
Federal Government Grant	Code of Federal Regulations Terms & Conditions of the Prime Agreement
Federal Government Contract	Federal Acquisition Regulations (Title 48 of CFR) Terms & Conditions of the Prime Agreement

Private Sponsor	Sponsor Requirements Terms & Conditions of the Prime Agreement Generally accepted accounting standards or Governments Accounting Standards
-----------------	---

All applicable terms and conditions, special provisions and certifications detailed in the prime agreements are required to be passed-through to the subrecipient. These terms are included in the subaward agreement. For example: Cost Sharing, Program Income, Intellectual Property and Publications. Additionally, ORA should review and confirm compliance with Conflicts of Interest or Conflicts of Commitment regulations.

As required by OMB Circular A-133, the subrecipient shall be informed of the Catalog of Federal Domestic Assistance (CFDA) title and award name, number, award year, type and prime sponsor, as applicable.

## **SP-SUB-PR-03--Roles of the Principal Investigator and the Department**

### **Identifying the Potential Subrecipient**

The Principal Investigator is responsible for the due diligence involved with selecting a potential subrecipient. In the case of sub-contracts on prime government contracts, the PI documents their selection from a competitive bidding process, or a single or sole source written justification. In all cases the PI must assure that in addition to ensuring that the proposed subrecipient is technically qualified. The scope of work and the overall budget amount are determined by the PI. Additionally, the PI is responsible for gathering all required documentation prior to submission to ORA.

### **Communication with the Subrecipient**

Information contained in the subrecipient agreement states the deliverables required, administrative requirements and applicable laws and regulations with which the subrecipient must comply. This agreement and the referenced prime award define the subrecipient relationship. The PI and any designees administering the subaward should be familiar with the terms and conditions of the agreement. Communication should continue throughout the collaboration through telephone calls, emails, letters and site visits, as necessary. Any potential conflicts or issues regarding non-compliance should be immediately brought to the attention of the PI and ORA.

### **Invoice and Payment Processing**

When approving invoice payments to subrecipients on cost reimbursable awards, the validity of expenses must be verified along with achievement of scientific and technical progress by the PI or department designee/responsible party. This verification should include sign off by the PI, the department designee/responsible party & a financial representative on the invoice/Certification for Payment and Performance form. For high risk subrecipients summary general ledger review is required for every invoice and a detail review once every six months. ([See Guidelines for Invoice Review & Submonitoring](#))

Subrecipient invoices should include information that conforms to the administrative requirements

- Name of the subrecipient
- JHU Purchase order number
- Date of the invoice
- Invoice number and project title
- Period of performance covered by the invoice\*
- Breakdown of costs in accordance with expenditure categories\*

- Current period costs and cumulative project costs\*
- Cost sharing
- Program income generated
- Contact person for invoice questions
- Certification as to the truth and accuracy of the invoice

\*This information is not required on fixed price or fixed fee agreements.

Failure by the Subrecipient to submit any deliverables by the due date or an invoice with inadequate information is considered just cause for JHU to withhold any payments due. Incomplete invoices should be rejected by the PI and ORA and a new invoice should be obtained or additional information may be attached to the original invoice. No subaward invoices should be approved if the review notes discrepancies; these discrepancies and any other questions should be addressed directly to the PI and ORA for resolution.

### **Program Income and Cost Sharing**

JHU, as grantee, must maintain records of the receipt and disposition of all grant related income generated by sponsor funded activities and documentation regarding how cost sharing obligations are met, if applicable. The subrecipient shall maintain appropriate records to support JHU in fiscal compliance and responsibility under the prime agreement. The subrecipient shall include the receipt of program income and cost sharing on invoices submitted to JHU.

### **Subrecipient Award Closeout**

The subrecipient award closeout process shall begin promptly upon the conclusion of the period of performance. Final invoices must be submitted to JHU in accordance with the time period specified in the agreement. Failure by the subrecipient to submit any deliverables by its due date shall be considered just cause for JHU to withhold payments. Deliverables include audit and performance reports, technical reports, financial reports, final invoices and Contractor's Release forms. Final payments to subrecipients shall not be approved until all closeout documents and deliverables have been received by JHU.

## **SP-SUB-PR-04--Roles of the Controller's Office**

### **Annual Subrecipient Monitoring**

Tracking the status of subrecipients for the completion of A-133 reporting status shall be coordinated by Financial Research Compliance in the Controller's Office.

### Risk Monitoring- A-133 Entities

A Subrecipient Audit Confirmation Survey will be sent annually to University subrecipients with JHU pass-thru federal funding by the Controller's Office. Upon receipt of the completed Subrecipient Audit Confirmation Survey, the Financial Research Compliance office will coordinate on-going risk management initiatives.

Appropriate and timely corrective action must be taken after receipt of the subrecipient audit in instances of non-compliance with federal laws and regulations. Corrective actions cited by subrecipients must be evaluated for completeness and for compliance with applicable laws and regulations. A management decision on audit findings shall be issued within six months of receipt of the subrecipient's audit report. In cases where subrecipients are unable or unwilling to comply with necessary compliance mandates, corrective actions will be taken as appropriate. The Controller's Office will determine if the subrecipient's audit findings necessitate adjustment of the University's

financial records.

### Risk Monitoring- Exempt from A-133

Subrecipients exempt from A-133 audit requirements are required to make their financial records available for review or audit by Federal agencies or pass-thru entities as requested, under the Terms and Conditions of their Agreement. The nature, timing and scope of monitoring foreign subrecipients and for-profit subrecipients will vary by the assessment of risks, funds provided, nature of work, duration of involvement and other factors. Individual subrecipient's monitoring will be discussed with the PI and ORA. Documentation concerning monitoring activities and results will be maintained by Financial Research Compliance.

### **Advance Payments**

The University's preferred method of payment to a subrecipient is on a cost reimbursable basis. In situations where subrecipient entities lack sufficient capital, and the request has been approved by the respective Divisional Business Office, advances can be made. Contact Financial Research Compliance for more information.

### **Definitions**

**Award-** Financial assistance received directly from a Federal or private sponsor that provides support or stimulation to accomplish a purpose. The term award includes grants, cooperative agreements and other agreements in the form of money or property, by the sponsor to JHU.

**Contract-** A legal agreement used to procure goods or services; referred to as a subcontract if the award is a pass-through from a prime contract.

**Pass-thru Entity-** A recipient of funding, but the assistance assigned to it may be "passed on" or "passed-through it" to another recipient.

**Prime Agreement-** A governing agreement between the recipient and the awarding agency.

**Purchase Order-** Used in cases where purchased services involve an organizational entity but do not involve substantive scientific research. For example, repetitive tests or activities requiring no discretionary judgment on the part of the provider. Utilized in purchaser-vendor relationships involving the procurement of goods or services when detailed terms and conditions are not required.

**Sole Source-** A situation in the marketplace where there is clearly and legitimately a single source of supply that meets the necessary requirements. A sole source justification implies that any attempt to obtain bids would result in only one option.

**Subaward-** A legally binding executed agreement that transfers a portion of research or substantive intellectual effort of a prime award to another institution or organization. The term subgrant is used when the prime award is a grant and the term subcontract is used when the prime award is a contract.

**Subrecipient-** The recipient of a subagreement awarded to a foreign or domestic organization (either non-profit, educational institution, or private industry) for the performance of a portion of the work statement covered by a prime agreement that is funded either directly or indirectly with sponsored funds. It does not include agreements for consulting services or purchase orders for equipment, materials or other services. A subrecipient receives an award of assistance from a pass-through entity and conducts its own scope of work. Also referred to as subawardee, subgrantee



or third-tier institution.

**Foreign Subrecipient-** A non-profit or for-profit entity (including NGOs), university or a government organization with its principle place of business located outside of the United States.

**Subrecipient Monitoring-** A compliance requirement which establishes that prime agreement awardees have the responsibility to monitor the activities of subrecipients in accordance with the governing agreement, to assure that awarded funds are used for authorized purposes in compliance with the provisions of the agreement, and to ensure that performance goals are achieved.

SUBRECIPIENT LEGAL NAME:

**MAILING ADDRESS:**

**TELEPHONE:**

**FAX NUMBER:**

E-MAIL:

**Tax ID No.:**

SUBRECIPIENT FISCAL YEAR:

**INSTRUCTIONS-**

Your organization has been identified as having been awarded United States Federal funds as a sub-recipient of Johns Hopkins University (JHU) It is the responsibility of JHU to ensure that these funds are expended in accordance with Federal guidelines.

Each question should be answered as completely as possible, using extra pages if necessary. Please return to JHU's Controller's Office via email to [subrecipient@jhu.edu](mailto:subrecipient@jhu.edu) .

**I. Audit Confirmation**

**YES      NO      N/A**

What type of organization are you [non-profit (NGO), commercial/for profit (corporation), university, academic research center, etc.]?

Did the organization receive other sources of U.S. Government funds (Department of Defense, National Science foundation, etc?) during the period of the JHU award? If yes, please provide the name of the US Federal agency, the grant period and the amount of funds.

Does your organization have an Indirect Cost/Facilities & Administrative rate? If yes, please provide and the method used to calculate the rate.

Did the organization have a compliance audit conducted for US Government funds expended (A-133 or single program)? If yes, please attach copy of the audit. If no, continue to "II. Internal Controls."

**II. INTERNAL CONTROLS** - Internal controls are procedures which ensure that: 1) financial transactions are approved by an authorized individual and follow laws, regulations and the organization's policies, 2) assets are kept safely, and 3) accounting records are complete, accurate and maintained on a regular basis. Please complete

the following questions concerning your organization's internal controls:			
Are timesheets kept for each paid employee?			
For purchases, are invoices, receipts, supporting details retained and easily accessible?			
How do you monitor JHU sponsored funds that you may have passed through to another entity to complete a portion of the work outlined in the agreement?			
<b>III. ACCOUNTING SYSTEM</b> - The purpose of an accounting system is to: 1) accurately record all financial transactions, and 2) ensure that invoices, timesheets and other documentation support all financial transactions. The type of accounting system often depends on the size of the organization. Some organizations may have computerized accounting systems, while others use a manual system to record each transaction in a ledger. In either case, JHU award funds must be properly authorized, used for the intended purpose and recorded in an organized and consistent manner.			
Does your organization have written accounting policies and procedures? If yes, please enclose a copy with your response. If no, please explain how transactions are recorded, cash disbursements are made, and account system is managed.			
Can your accounting records record expenditures on the JHU award according to budget categories such as salaries, supplies, travel and equipment? If no, please explain.			
<b>CERTIFICATION:</b> I hereby certify under penalty of perjury that the foregoing is true and correct.  Name: _____  Title: _____  Email Address: _____  Phone Number: _____  Signature: _____ Date: _____			

--

Sample Cost Reimbursement Invoice  
**INVOICE**

**ALL MONIES SHALL BE REPORTED AND PAID IN U.S. DOLLARS.** Subrecipient shall submit invoices, stated in U.S. dollars, to JHSPH in accordance with this sample invoice. All invoices must: (i) be sequentially numbered; (ii) indicate the date(s) of performance by the Subrecipient; (iii) state the JHSPH Purchase Order number, the title of the project, and the name of the JHSPH Principal Investigator; (iv) itemize costs in detail, in correspondence with the subcontract budget; (v) include both current costs and cumulative costs, with the amount previously invoiced subtracted from the billing; and (vi) include the Subrecipient's certification that the invoice is just and correct and that payment therefore has not been received.

**Organization**

**Name:**

**Address:**

**Project Title:**

**Award Period:**

**Purchase Order #:**

**Award #**

**Project Director/  
Chief of Party:**

**Current Billing  
Period:**

**Invoice #:**

**Date of Invoice:**

**Amount of  
Invoice:**

**Prepared By:**

**Title:**

**SUBMIT TO:**

Johns Hopkins School of Public Health

Baltimore, MD 21205

**Description of  
Work Performed:**

	<b>Approve d Budget</b>	<b>Prior Cumulative</b>	<b>Current Period Expense</b>	<b>Total Cumulative</b>	<b>Remainin g Balance</b>
<b>Salaries</b>				\$0	\$0
<b>Fringe Benefits</b>				\$0	\$0
<b>Travel</b>				\$0	\$0
<b>Equipment</b>				\$0	\$0
<b>Supplies</b>				\$0	\$0
<b>Contractual</b>				\$0	\$0
<b>Other Direct Costs</b>				\$0	\$0
<b>Indirect Costs</b>				\$0	\$0

**TOTAL**                    **\$0**                    **\$0**                    **\$0**                    **\$0**                    **\$0**

**REMIT PAYMENT**

**TO:**

Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_  
Routing/ABA #: \_\_\_\_\_  
Account #: \_\_\_\_\_  
SWIFT Code: \_\_\_\_\_

As an authorized representative of the organization, I certify that all Deliverables and required work product due to date have been submitted, and expenditures reported (or payments requested) are for appropriate purposes and in accordance with the Statement of Work, Approved Budget and other requirements as set forth in the Subagreement.

**Signed:** \_\_\_\_\_

**Name** \_\_\_\_\_

**Title:** \_\_\_\_\_

*Subrecipient shall submit invoices, stated in U.S. dollars, to JHSPH in accordance with this sample invoice. All invoices must: (i) be sequentially numbered; (ii) indicate the date(s) of performance by the Subrecipient; (iii) state the JHSPH Purchase Order number, the title of the project, and the name of the JHSPH Principal Investigator; and (iv) include the Subrecipient's certification that the invoice is just and correct and that payment therefore has not been received.*

## INVOICE

Johns Hopkins Bloomberg School of Public Health  
615 North Wolfe Street  
Baltimore, Maryland 21205

Remit payment to:

Subrecipient: _____	Bank Name: _____
Subrecipient Address _____	Bank Address: _____
1: _____	
Subrecipient Address _____	Routing/ABA _____
2: _____	#: _____
Contact Person: _____	Account #: _____
Contact Person E-mail: _____	SWIFT Code: _____

JHSPH's P.I.: _____	Date of invoice: _____
Subrecipient's P.I.: _____	Invoice number: _____
Purchase Order number: _____	

Project title: \_\_\_\_\_  
Current billing period: \_\_\_\_\_  
Amount due this invoice: \_\_\_\_\_

Description of milestone achieved: \_\_\_\_\_

Milestone payment due: \_\_\_\_\_

Subagreement Value	Funds Received to Date	Current Invoice Total	Total Cumulative Invoiced	Remaining Subagreement Balance

If receipts are in a foreign language, English translation must be attached.

As an authorized representative of the organization, I certify that all Deliverables and required work product due to date have been submitted, and payments requested are for appropriate purposes and in accordance with the Statement of Work, and other requirements as set forth in the Subagreement.

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Subrecipient Authorized Signature

Date

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JHSPH Principal Investigator Signature of Approval

Date