

## Subrecipient Frequently Asked Questions

### 1) What is the definition of a subaward?

“Subaward” means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

### 2) What is the definition of a subrecipient?

“Subrecipient” means an entity, usually but not limited to non-federal entities, that receives a subaward from a pass-through entity to carry out part of a federal award. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

### 3) What are the subrecipient’s responsibilities?

Like the pass-through entity, the subrecipient is a steward of the sponsor’s funds. The subrecipient must use federal funds for authorized purposes; comply with federal statutes, regulations, and the terms and conditions of awards; carry out or administer part of a sponsored project as described in the scope of work, achieve performance goals, and complete the deliverables to which they committed..

### 4) What is a Subrecipient Commitment Form, and when do we need to submit it?

The “Subrecipient Commitment Form” is a document that the subrecipient completes with their institutional information and provides to the lead institution as part of the proposal development process. The form, which helps to confirm that the subrecipient is qualified and eligible to receive a subaward, requires data elements including but not limited to the subrecipient contact details, DUNS number, and indirect cost rate .

### 5) What are indirect costs, and what do we need to provide to document our indirect cost rate?

An “Indirect cost” is a cost that is not directly identified with a single project or final cost objective, so is not a direct cost, but can be identified with two or more projects or final cost objectives. Examples are the cost of lighting or janitorial services for a facility shared by more than one project. In general an entity calculates the cost of such collective project overhead as a percentage of its total costs to establish an indirect cost rate. A federally reviewed and approved indirect cost rate can then be applied to sponsored project budgets.

An award recipient that proposes to use federal grant funds to pay for indirect costs but has never received a federally negotiated indirect cost rate may elect to charge a *de minimis* rate of up to 10% of its modified total direct costs (MTDC) which may be used indefinitely. When a proposed potential subrecipient submits the Subrecipient Commitment Form to the lead institution at the proposal stage, they are asked to include their indirect cost rate and a copy of their federally approved indirect costs rate agreement or other certification of the indirect cost rate that they are applying to their budget.

**6) Do we need to stick with the budget that we submitted for the original proposal for the subaward?**

Yes, for federal grants, recipients are required to expend as requested in their proposed and approved budget. Certain insignificant budget changes are allowed, but other changes require prior written approval from the prime sponsor, who will seek prior written approval from the federal agency on behalf of the subrecipient. (See also federal regulations, 2-CFR-200.407).

**7) What situations require the subrecipient to get approvals from the pass-through entity (university) who may need to ask the prime sponsor?**

- budget revisions, budget modifications
- scope of work changes
- changes in who the subrecipient PI will be, or change of PI effort of 25% or more
- significant changes to key personnel, consultants, or additions of subcontractors

**8) How does a subrecipient request a budget revision?**

The subrecipient can email the budget revision request to ORSP or the Cal State East Bay project contact with a copy of the revised budget (by itself, or showing columns with the original budget and the requested revised budget), along with a revised scope of work if the scope of work is changing. Accompanying those should be a short justification regarding why the budget revision is requested. ORSP will work with the Cal State East Bay project lead to contact the sponsor as needed for approval.

**9) How do subrecipients submit invoices?**

Subrecipients can use their own invoicing formats, but in some cases are asked to include an additional invoice record to conform to federal or other sponsor requirements. Unless otherwise indicated, invoices should be mailed or electronically submitted to the Cal State East Bay Foundation at the address below:

Email: [orsp@csueastbay.edu](mailto:orsp@csueastbay.edu)

California State University, East Bay Foundation, Inc.  
% Cal State East Bay  
Office of Research and Sponsored Programs  
25800 Carlos Bee Boulevard, SF305  
Hayward, CA 94542

**10) What elements must subrecipients include on their invoices, and what documentation do subrecipients need to provide with invoices?**

Subrecipients can use their own invoicing formats, but in some cases are asked to include an additional invoice record to conform to federal or other sponsor requirements.

- Date of Invoice
- Subrecipients Name, Address, Fiscal Contact, Preferred Contact Method
- Subaward number
- Date of performance period within which the charges occurred or the services were rendered
- Current and cumulative costs (including cost sharing, if any)
  - Costs should be broken down by major expenditure categories
    - Salaries, fringe, materials and supplies, domestic travel, foreign travel, indirect costs (F&A), other (with substantiation).
- Signatory Certification Statement (per federal regulation 2-CFR-200.415)
  - *“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, fraudulent information or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise.”*

Subrecipients are required to keep verifiable records of all costs and expenditures. When a federal audit occurs auditors will more than likely request copies of all back up documents and verifiable records if they were not submitted with the invoice. Verifiable documents and back up documents may include, but are not limited to the following:

- Payroll records, timesheets, timecards, daily written sign-in records, meeting attendance records

- Receipts or copies of detailed invoices from the service provider or supplier to the subrecipient.
- Verifiable records that substantiate the expenditure being invoiced must be retained (see also sponsor, subrecipient, and university retention guidance).  
Examples,
  - Tuition records
  - Equipment inventory records
  - Meeting attendance records
  - Event Agendas and evidence of the number of attendees
  - Catering records
  - Signatures documenting receipt of equipment and return of equipment
  - Any verifiable entity records that document that an expense actually occurred or that a staff member actually worked.
  
  - Note: An excel spreadsheet would not suffice. Documentation or evidence that the listed expense was incurred is required.

#### **11) What written items must subrecipients submit or retain to document cost share?**

The concept of keeping accurate, complete, verifiable records to substantiate invoices and expenditures applies to cost share documentation as well. Cost share or cost match provided may include cash, donated items, or donated services. Donated services or items are considered “in-kind”, i.e., payment in goods and services other than cash.

Examples of cost share items include, but are not limited to the following:

- Cash or in-kind services directly from the subrecipient
- Unrecovered indirect (F&A) costs
- Third-party contributions (cash, goods, services)
- Other sponsored projects (non-federal unless otherwise allowed by the grant)

There must be a verifiable record for each and every type of cost share or match being provided. For third-party contributions, the third party may retain their receipts or payroll record and provide a signed letter on their letterhead that includes the required elements (date or period within which the goods or services were provided, type of items or services provided, individual and total amounts provided, calculation methodology, certification statement, and signature of authorized signer of entity providing the cost share).

**12) Do Principal Investigators (PI) and Project Directors (PDs) monitor subrecipient performance and spending?**

Yes, on behalf of the university the PI or PD is responsible for reviewing and approving invoices from contractors. The subrecipient's PI or authorized authority approval on an invoice certifies that the goods or services have been rendered, the amount charged is reasonable and correct, and that the subrecipient has retained the required back up documents with verifiable records for the costs being invoiced. The CSU East Bay PI or PD's signature on the invoice certifies that the goods or services have been satisfactorily received or rendered, the amount charged is reasonable and correct, and the cost is appropriately chargeable to the fund indicated.

PIs and PDs are required to notify ORSP immediately of any subrecipients or contractors who fail or refuse to meet the requirements of their subaward or subcontractor agreement.

**13) What is a site visit and when is a site visit required?**

The university can schedule an annual or periodic site visit or a site visit may occur upon request by the Prime Sponsor to check on the progress of the project or program. During a site visit the sponsor or lead PI or designees meet with the subrecipient project or program team at their site or location of services, to observe the program or services in action, and to meet with those receiving services (as allowable, depending on the services provided).

**14) What type of reports do we need to provide and when do we need to submit our reports?**

Common reports include monthly, quarterly, or annual progress reports, final reports, fiscal reports, cost share reports, audited financial statements, annual single audit report, and ad hoc reports as required by external sponsors. Report due dates are driven by the prime sponsor and are included in the subaward. Refer to your subaward or other report schedules provided by your Cal State East Bay PI or designee.

**15) What is a single audit report and when do I need to provide it?**

A single audit report is a report provided to an entity by an external auditor after they review their financial statements and perform an audit in accordance with federal compliance regulations. Federal award or subaward recipients who receive \$750,000 in federal funds or cost reimbursements for their expenditures during their fiscal year are required to have a single audit, file it according to federal regulations, and send a copy to each pass-through entity from which they receive federal funds.

- Subrecipients are required to send a copy of their single audit report to Cal State East Bay at the end of each fiscal year (June 30 or shortly thereafter depending on the timing of the production and audit of the subrecipient's annual financial statements).
- If the subrecipient is not subject to the requirement because they have received less than \$750,000 in federal funding during the fiscal year, or have had a single audit but is unable to provide the single audit report, they may instead provide a completed and signed Single Audit Certification form that certifies their Single Audit completion or status.

**16) What is a bilateral amendment and when might it be issued?**

A bilateral subaward amendment is an amendment issued to the subrecipient that both the issuing party and the recipient sign to update the subaward. Bilateral amendments are required for changes in scope of work, changes to the PI, reduction in PI effort, any contractual changes, and significant budget revisions, including carryover funds that impact the next project period's budget or scope of work. "Significant" may include modifications greater than 10% of the current budget period total for charges that were not previously approved.

**17) What is a unilateral amendment and when might it be issued?**

A unilateral subaward amendment is an amendment issued to the subrecipient that only the issuing Pass-Through Entity signs to update the subaward. Unilateral amendments may be issued for No Cost Extensions, adding budget periods and funding consistent with the approved award, or administrative updates that do not impact the scope of work or budget.

**18) What is required of the subrecipient when the subaward performance period is over and the agreement is being 'closed out'.**

At the end of the agreement period, the subaward needs to be closed out fiscally and administratively. The subrecipient is required to submit the following:

- Final invoice within the timeline specified in the subaward agreement
- All documentation needed to fulfill any cost-sharing requirements
- Final progress and fiscal reports within the timeline specified in the subaward agreement
- All signed refunds, rebates, or credits to Prime Recipient, if applicable