



# Subaward Policy

Revision Date: 3/16/17

## Subaward Definition

The term subaward is defined herein as those situations that call for substantive work or project activities that are a primary responsibility of the subrecipient (Department 6.1), with a revised subaward budget may need to be prepared before issuing to the other institution.

Under OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements" (CFR Part 200), the University is required to flow down the requirements of the prime award on fiscal activities, inventions, and equipment to all subrecipients. The documentation will be included in the formal subaward agreement as part of the contracting process. The PI is responsible for ensuring that any required programmatic reports or documents are submitted as part of the reporting process. For additional information, the PI should refer to the prime award documents and the subaward documentation, or contact the Office of Research Services.



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Loyola University of Chicago applies indirect costs to the first \$25,000 of every award associated with a grant or contract, unless otherwise specified in the primary award. When two or more subawards are established for a project, the first \$25,000 of each subaward should be budgeted to account 6580 (Subawards under \$25,000)

6580 (Subawards under \$25,000) Represents the first \$25,000 budgeted for each subaward



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Final Payment Subaward agreements typically terminate annually at the end of the prime award's budget period. As financial reports are often required within 90 days of the prime award end date, final invoices should be received from the subrecipient later than 60 days after the subaward end date and must be clearly marked as "Final" by the subrecipient. The PI should work with the collaborating institution to ensure that the final invoice is received within the 60 day timeframe; Sponsored Program Accounting will assist as needed. An invoice that is received beyond the 60 day timeframe will not be processed.



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## FAQs

Are Principal Investigators required to review and approve subaward agreements?

Prior to ORS endorsing a subaward agreement, Principal Investigators should review and acknowledge that the terms and conditions of the award, along with any supporting documentation (i.e. budget) are acceptable.

Is the PI obligated to honor an invoice that's more than 90 days old?

In many cases awards from federal agencies, such as NIH, are made for a specific project and not budget period. Under expanded authorities (NIH), institutions have been given more latitude to manage sponsored projects; however, we are required to be fiscally responsible.

The 90 day policy calls for the posting of expenditures and other costs within 90 days of the end of the month in which they were incurred. The 90 day rule is not a standard established by regulation or law. It is based upon a practical standard that it is reasonable to expect that costs can be properly assigned within 3 months of their occurrence.

It's not unusual to receive invoices that are older than 90 days. It is recognized that executing subaward agreements with other institutions often requires additional time that may extend beyond a 90 day time period. However, because the vast majority of awards involve federally sourced funds, it is critical that the subawards are executed as promptly as possible so that expenditures can be accurately recorded. It is the responsibility of the PI to review and approve invoices in a timely manner. If the invoice is rejected or if there are any discrepancies, the department should notify Sponsored Program Accounting and the Office of Research Services as soon as possible.

What if the principal investigator is dissatisfied with the performance of the subrecipient?

The Principal Investigator will determine the validity of the invoice based upon the progress of the subrecipient. The PI reserves the right to reject any invoice based upon insufficient or unsatisfactory performance in accordance with 2 CFR Part §200.305. The PI should notify the subrecipient, ORS, and SPA in the event an invoice is rejected, and provide adequate documentation detailing the lack of performance.

What documentation is required by SPA to process payment on a subaward?

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