Subaward Risk Assessment
Directives & Procedures

Responsible Office: Division of Sponsored Programs (DSP)

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1. Definitions

1. ***Subaward*** – An award provided by UF to a subrecipient for the subrecipient to carry out part of a programmatic segment of an award received by UF. It does not include payments to a Vendor.
2. ***Subrecipient*** – an entity that receives a Subaward from UF to carry out a programmatic segment of a sponsored project.
3. ***Vendor/ Contractor/Supplier*** ("Vendor") – an entity from which UF procures goods or services to carry out a sponsored project.
4. ***FAPIIS*** – Federal Awardee Performance and Integrity Information System; a federally maintained website used to collect contractor and grantee performance information on administrative agreements; defective pricing actions, Department of Defense determinations of contractor fault, information on trafficking persons, non-responsibility determinations; subcontract payment issues; terminations for default; terminations for cause; and termination for material failure to comply.
5. ***Visual Compliance*** – online third-party system that allows UF to screen for Denied or Restricted parties.
6. ***Denied or Restricted Party*** –organizations, companies or individuals with which the University cannot do business under US Treasury, State or other Agency Regulations.
7. ***FDP*** – Federal Demonstration Partnership; cooperative initiative among federal agencies and institutional recipients to reduce the administrative burdens associated with federal research grants and contracts
8. ***FCOI/COI*** – Financial Conflict of Interest/Conflict of Interest; occurs when a person serves or represents two distinct entities or persons and must choose between two conflicting interests or loyalties. A University employee has a conflict when his/her outside activity or financial interest could potentially interfere with their professional obligations to the University.

9. *DUNS* – Data Universal Numbering System; a proprietary system developed and regulated by Dun & Bradstreet (D&B) that assigns a unique numeric identifier, referred to as a "DUNS number" to a single business entity
10. *Single Audit* – organization-wide financial statement and federal awards' audit of a non-federal entity that expends $750,000 or more in federal funds in one year. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is generally in compliance with program requirements. Non-federal entities typically include states, local governments, Indian tribes, universities, and non-profit organizations.

2. At proposal

1. The Division of Sponsored Programs (DSP) Unit Teams will gather a scope of work, budget, budget justification and an Authorized Official's endorsement from each proposed subrecipient. The Unit Teams will review the budget, justification and any other necessary application forms for compliance with solicitation, UF policy and regulatory guidance.
    a. If the sponsor requires SFI disclosure at time of proposal, the Unit Teams will be responsible for ensuring that the subrecipient either has a policy compliant with the sponsor's expectations or acquires a disclosure for all key personnel on UF Form DSP-5.
2. The DSP Unit Teams will verify all required documents per 2.1. above are attached in UFIRST and are clearly labeled.
3. The DSP Unit Teams, along with the PI and campus unit support personnel (RA) make the proper determination of Subrecipient vs Vendor. The DSP Unit Team should engage the DSP Subaward Team with any questions.
    a. If the department will NOT provide a scope of work specific to the Subrecipient or Vendor, then DSP cannot validate that there is a subrecipient relationship. The department assumes liability for all additional change in costs (including F&A, profit, or fee) if a scope of work provided later deems the work to be a Vendor rather than a Subrecipient.
    b. The DSP Subaward Team will serve as first point of escalation if the PI, RA and DSP Unit Teams are not in agreement regarding subaward vs vendor determination or have to make a determination regarding submission without above referenced documentation. DSP Directors can assist in providing a final determination.
4. The DSP Unit Teams will verify entity included in the UFIRST proposal record. If an entity is entered into UFIRST as "TBD", the DSP Unit Team will request the name of the entity for entry into the myUFL Sponsor database and update the proposal record when it is available. Instances where the official legal name of an entity cannot be verified will be escalated to a DSP Unit Manager to determine next steps.
5. Fixed Amount Subawards should not be proposed or presumed without review from the DSP Subaward Team prior to proposal submission.
6. DSP Unit Teams will review the Subrecipient scope of work and budget (perform cost analysis) to resolve any egregious errors in math or conflicts with solicitation (i.e. Gates Foundation but subrecipient has applied federally negotiated rate) and to ensure scope of work meets the criteria for a subaward.

3. At award

a. Administrative Review

1. The Department is responsible for creating subaward record in UFIRST and providing DSP with the signed endorsement from the subrecipient's authorized official, scope of work, budget,

budget justification, subrecipient PI contact information and subrecipient administrative contact information.

2. The budget, budget justification and subaward should match with allowance for rounding (nearest dollar). The subaward budget does not need to match the award or the proposal unless Sponsor limits rebudgeting authority.
3. Before moving forward, the DSP Subaward Team ensures the subaward is approved in the proposal, has prior approval, or does not require sponsor approval.
    a. Each award should be reviewed to determine what level of Sponsor approval is required, including if the Sponsor must approve the actual terms of the subaward before execution. For federal awards no additional explicit prior approvals are typically needed.
    b. If prior approval is needed, the request should be submitted by the Department as a UFIRST Award Modification. After review and submission to the sponsor by the DSP Awards Team and approval by the Sponsor, the Department can then request a subaward through the UFIRST Subawards Module.
    c. The State of Florida always requires prior approval for subawards. AHCA requires approval of the actual Subaward agreement.

b. Entity Risk Assessment

After the DSP Subaward Team has been provided with all information necessary under 3a, the DSP Subaward Team performs the Entity Risk Assessment.

1. Selection:
    a. Entity Risk Assessments are not required for US federal government entities (USDA ARS, DOE National Labs)
    b. Entity Risk Assessments are not required for state of Florida entities (FDACS, FDOH, FWC, Water Management Districts)
    c. Entity Risk Assessments are not required on enrollment-based non-federal clinical trials
    d. Entities assessed within the last 365 days will not be reassessed
2. Resources:
    a. Review the information in the Federal Demonstration Partnership Expanded Clearinghouse and the Federal Audit Clearinghouse. Review for findings or noncompliance in the single audit or audited financial statements (review most recent available audit).
    b. If the entity is not in FDP and does not have a Single Audit, DSP Subaward Team will send the Subrecipient Financial Questionnaire to the Subrecipient administrative contact. Upon return the DSP Subaward Team will review responses regarding proper internal controls.
    c. Check FAPIIS to confirm the entity has not been debarred, suspended or terminated for cause.
    d. If the entity is foreign, check entity in Visual Compliance to confirm they are not Restricted/Denied or sanctioned.
    e. Review experience and history with UF from Contracts and Grants Accounting Services and the Principal Investigator.
    f. If available, load the Federally Negotiated Indirect Cost Rate Agreement and Fringe Rate Agreement or determination of how Fringe Rates are calculated (for ease of budget analysis in future projects).
3. Risk Determination: An entity is considered of risk and mitigation is needed if the entity is/has:
    a. Not in FDP Clearinghouse and refuses to complete Financial Questionnaire;
    b. Does not have any audits or audited financial statements;

c. Audit findings, material weaknesses, or deficiencies related to sponsored programs cluster (invoicing; equipment tracking and use; etc.).
    i. May be lowered if auditor assesses entity at low risk despite finding, weakness, or deficiency.
d. Lacks internal controls, per Financial Questionnaire or audit;
e. Negative prior experience as a UF subrecipient as recorded in the C&G database;
f. Foreign entity with a lack of sponsored programs funding history; or
g. Domestic with lack of sponsored programs funding history.

c. Project (Transaction) Risk

A project risk assessment is performed by the DSP Subaward Team for all new subawards and modifications not under non-federally funded cash based clinical trials (fund 214).

1. Review Entity:
    a. Review the Entity Risk Assessment. If the entity has been assessed with risk, review the nexus of any entity audit findings or internal control weaknesses to project specific circumstances. Example: The audit has findings related to physical property inventory but subaward budget includes no equipment.
    b. Is there a Conflict of Interest between Subrecipient, UF, UF personnel on the subaward or subrecipient personnel?
        i. Check the UF PI's conflict of interest management plan, if available.
        ii. Check how the entity answered COI question on the Subrecipient Financial Questionnaire.
    c. Recheck FAPIIS to confirm the entity is not debarred, suspended, had termination for cause or otherwise sanctioned.
    d. If Subrecipient is a foreign entity, recheck the entity and the Subrecipient PI in Visual Compliance.
    e. If Sponsor requires specific adherence to SFI disclosures, check if subrecipient has a FCOI Policy compliant with UF's prime sponsor. If the subrecipient does not have a policy, or it is not compliant, subrecipient personnel must complete the following and adhere to the following funding restrictions:
        i. For PHS (Public Health Service) Award or any entity that subscribes to the PHS FCOI requirements: FCOI Tutorial and PHS SFI Form
            1. Annual renewal. DSP will only release a maximum of 12 months of funding at a time to ensure the updated FCOI forms are received at least every 12 months.
        ii. For NSF (National Science Foundation) Award: NSF SFI Form if entity employs more than 50 persons
            1. Annual renewal. DSP will only release a maximum of 12 months of funding at a time to ensure the updated FCOI forms are received at least every 12 months.
        iii. For CDMRP (Congressionally Directed Medical Research Programs) Award: CDMRP SFI Form
            1. Annual renewal. DSP will only release a maximum of 12 months of funding at a time to ensure the updated FCOI forms are received at least every 12 months.
2. Perform a thorough review of the Scope of Work and Budget for compliance with sponsor requirements (see section 2.6 for budget review requirements).

3. Review the relative impact of the Subrecipient's budget on the overall award to determine if there is project specific risk:
    a. For all foreign subrecipients, does the entity have sufficient cash flow to execute the requirements without an advance?
    b. Is the Subrecipient responsible for meeting a portion of UF's cost share requirement?
    c. Is the subaward more than 50% of the Total Award?
    d. Is the amount of the subaward more than $500,000?
    e. Review the scope of work to determine if there is substantial activity performed outside the US.

d. Establishing Agreement

When drafting a Subaward Agreement, the DSP Subaward Team is responsible for including mitigation language that properly addresses the entity or project risks identified in 3.b. and 3.c above. The following is a list of common mitigation options available to DSP Subaward Team applied appropriately based on the type and level of risk:

1. Release only 1 year or less time frame to have control point (Incremental funding)
2. Additional billing detail and support documentation submitted with each invoice
3. More frequent technical reporting
4. More frequent inventory reporting
5. Restructure scope of work to remove independent direction and transition to Vendor relationship
6. Restructure budget to fund service providers or other significant elements of the Subrecipient's work directly from UF
7. Desk audit performed by C&G
8. Establish additional prior approvals (i.e. no rebudgeting)
9. Independent review of deliverables and invoices when a conflict of interest is present

DSP is also responsible for reviewing for appropriate flow down clauses to include from the prime award. While these are not generally specific risk mitigation measures, the proper drafting of a Subaward Agreement provides clarity to expectations and can reduce institutional risk.

1. Invoicing details (i.e. Florida Department of Agriculture and Consumer Services)
2. Agreement terms & conditions:
    a. State contract equipment thresholds and ownership
    b. State travel policies
    c. State invoicing penalties
    d. Non-FDP or 2 CFR 200 prior approvals
3. Different cost principles (FAR Part 31 – "Contract Cost Principles and Procedures)
4. Compliance requirements
    a. Florida Department of Health requires IRB and IACUC approvals in place before activity
    b. US Department of the Army requires prior review by the Army of any human or animal protocols before work can begin
5. Conflicts of Interest
    a. If subrecipient has no policy, then they will have to follow the University's policy, disclose SFI annually and will only receive one year of funding at a time. Add additional terms to all non-FDP templates to ensure the requirement to disclose to UF in the event of any conflict.

e. Modifying agreements

1. Campus is responsible for initiating subaward modification requests in UFIRST
2. Complete a project risk assessment for every transaction
3. Risk Assessment:
    a. If the subrecipient entity was initially assessed with Risk, then reassessed with No Risk, DSP will not modify the risk mitigation terms in the Subaward Agreement unless the Office of Contracts and Grants Accounting makes the request.
    b. If the subrecipient entity was initially assessed with No Risk, but becomes an entity with Risk, DSP will modify all existing Subaward Agreements to add the appropriate risk mitigation terms.

4. Subrecipient (Post Award) Monitoring

The Office of Contracts & Grants Accounting is responsible for monitoring the financial activities of the subrecipient in accordance with the award terms and conditions and the subaward agreement.